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PHILIPPINES NATIONAL BUDGET MONITORING PROJECT

FINAL REPORT

OCTOBER 22, 2009

This publication was produced for review by the United States Agency for International Development. It was prepared by Management Systems International.

PHILIPPINES NATIONAL BUDGET MONITORING PROJECT

FINAL REPORT



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600 Water Street, SW
Washington, DC 20024

Contracted under USAID # 492-A-00-07-00022-00

Philippines National Budget Monitoring Project

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EXECUTIVE SUMMARY

This document covers both the final quarter of the project (July 2009, with some recently received information on activities from April-June) and provides a cumulative report of the whole of the project's accomplishments. (The cumulative Work Plan, by Results, is in Annex A. The cumulative and final report of Results according to the Performance Monitoring Plan is in Annex B.) It also includes recommendations for direct funding by USAID and other donors of the national budget monitoring network and affiliated activities.

Project background and objectives. As of 2006 observers were paying renewed attention to the many ways in which presidential power could be exercised through budgetary decisions, and to the dysfunctionality and opacity of the national budget process. Problems in public budgeting at the national level were accompanied by a widespread lack of understanding of how they might occur, much less be fixed.

MSI and its partners worked from two assumptions in developing the project. First, we believe that national budget monitoring should not be seen as an end in itself but as a set of strategic levers for increasing government transparency and accountability, a key activity in which CSOs must engage if they want to influence decision-making in Congress or the executive branch. Second, existing capacity for budget monitoring was substantial but partial and uncoordinated. Given these two assumptions, MSI proposed a project to USAID to increase capacity in a targeted manner, with relatively modest inputs of technical assistance and funding. The strategy of the project was to develop a whole that is greater than the sum of its pre-existing parts by:

- Increasing awareness of the centrality of the national budget to governance and accountability;
- Deepening capacity in civil society to undertake budget monitoring and use it as a tool for accountability; and
- Prompting government to respond to CSO monitoring and advocacy by accepting at least some recommendations of or acting on concerns raised by stakeholders in the national budget to make better substantive policy choices and/or make budget processes more transparent.

In terms of immediate beneficiaries, the project targeted groups that were already working in areas related to budget monitoring, as noted above. But it was also designed to attract others that might have an interest in the field but had not yet entered it. Similarly, it was centered on Manila, on the assumption that most groups concerned with the national budget would have offices there, but sought to reach out to interested organizations outside the capital. In terms of inputs, the project supported both training and applied practice in budget monitoring in order to deepen and hasten project impact.

MSI contracted the highly respected Emilia T. Boncodin, former Secretary of the Department of Budget and Management (DBM) as its local Project Coordinator. MSI subcontracted the La Salle Institute of Governance (LSIG) to administer the training component of the project, and INCITEGov, a relatively new not-for-profit organization composed of former cabinet and sub-cabinet officials committed to governance reform in the Philippines, for all other project activities except the competitive small grants program which MSI administered directly.

The project start date, according to project modification No. 1, was November 1, 2007. The end date was July 31, 2009, per modification No. 3. In addition to extending the duration of the project by three months, Modification No. 3 allowed MSI to apply savings to new in-country activities by all five subgrantees and INCITEGov, along with the continued contracting of Ms. Boncodin as Project Coordinator and a final trip to the Philippines by the project's Technical Director to help with project close-out.

The substantive components of the project are summarized in table below.

Activity Cluster	Outputs
Component 1: Mapping existing information & capacity	Mapping of CSOs interested in budget monitoring done at outset; List of relevant CSOs produced by mapping posted on project website; Capacity of CSOs self-assessed at beginning of project and end; Sources of government information on budget also inventoried and posted.
Component 2: Network: establish; link; conduct activities; publish	Minimum 14 active members; Website and listserv established and functioning; Regular network meetings held; Special meetings and events held for larger audiences; Publications based on joint research; Ad hoc/on request outreach to media, government, legislature; MoU and concept paper for the future prepared.
Component 3: Training: basic and specialized sessions (5)	All five held: basic, infrastructure, judiciary and elections; security sector; media.
Component 4: Small grants for applied monitoring (5 awarded)	Ateneo: COMELEC CODE-NGO: Dept. of Agriculture IPD: Performance Based Grants PhilDHRRA: Dept. of Agrarian Reform PHILSSA: Socialized housing agencies

Key results. Capacity-building was accomplished through the project’s training program, the experience in applied budget monitoring gained under the small grants program, extension training funded by the small grants, and network meetings. In addition the establishment of the network begins to build collective capacity among Philippine CSOs to monitor the national budget on a sustained basis. The improvement in capacity is evidenced by the self-assessment scores, partners’ products, and interview data. The project produced a small but committed pool of people trained in basic budget monitoring skills, with hands-on experience in budget monitoring, and a somewhat larger pool of NGO activists and journalists, at both national and local levels, with better awareness of budget monitoring as a tool for accountability and improved skills. In turn these activists are now more capable of evidence-based advocacy, and better prepared to address emerging budget issues. It also produced a set of tools for budget monitoring for specific issues areas and constituencies in the Philippines. Reports and interviews indicate that the project’s capacity-building components were highly valued by the beneficiaries.

The amount and quality of information increased in several respects: First, the project produced general information on the national budget process and content, and on how to monitor the national budget. For example, the project generated and has made available an inventory of the major sources of national budget information, including information on every key government document, its agency source, and its content. This inventory appears to be a unique resource in the Philippines. The network and several grantees published manuals or papers on various procedural and substantive aspects of monitoring (such as how to

read COA reports, and how to monitor farm-to-market road projects). Second, the project generated formative research on particular budget-related issues. These included papers and publications on such sectors as national government dispersal of budget funds for local water supply, agrarian reform, socialized housing, agriculture and elections, and on such cross-cutting issues as performance-based dispersal of national level funds, lump sum and off-budget accounts, the opacity and gaps in the accountability of public corporation and independent commission budgets, and the systemic issue of the balance of power between the executive and congress with regard to the national budget. Third, project partners were able to uncover current problems with the budget or budget process, such as executive overspending against the national budget total. Information was disseminated through large and small, more targeted events, the project website and listserv, partners' websites, and mass media (including articles and interviews of project team members, in print and broadcast).

The project exceeded MSI's expectations with regard to **effecting changes in policy and public institutions**. Results include:

- Department of Budget and Management: Agreed to conduct a presentation of the Proposed National Budget before civil society as an annual activity in partnership with the Budget Network; included the network in the Public Financial Management Group (PFMG); and withdrew excess expenditure appropriations to agencies as a result of the discovery by network members of excess releases.
- Commission on Audit (COA): Promised to post the results of the audits of all agencies of the national government, including government corporations and local government units, and designated a reference unit to handle future requests from non-government groups.
- Other agencies also began to become used to CSO budget monitoring, and network members, including journalists, reported easier access to agencies in many respects; e.g. the Dept. of Agriculture Budget Division committed to provide budget breakdowns by regions regularly.
- Legislators used analysis provided by project partners provided analysis developed in Congressional hearings. In return, legislative staff helped network members get information when they encountered problems getting it themselves from executive agencies.
- First public presentation of the Chairman of the House Appropriations Committee on the budget approved by Congress.
- As a result of the project team's and partners' advisory assistance, the project successfully influenced a number of pieces of legislation directly related to the improvement of national budget processes. These include:
 - House Bill 5580, Impoundment Control Act of 2008, and Senate Bill 2995 (Budget Impoundment Control Act of 2009);
 - Senate Bill 2996 (Budget Reform Act of 2009);
 - House Bills 06030 & 06031 (An Act Prescribing Reforms in National Government Budgeting, Amending for these Purposes Pertinent Provisions Of Book VI of Executive Order 292, otherwise known as the Revised Administrative Code of 1987, and providing for other related purposes);
 - House Bill 06027 (An Act Defining The Concept of Savings and Regulating the Process of Augmentation by the President in Implementation of Article VI, Section 25 (5) of the Constitution);

- Joint Resolution No. 4 on the Salary Standardization Law 3 (SSL3).

Generally, the project encouraged members of Congress to monitor the timeliness of the annual budget approval process, and consider better implementation of Congressional budget oversight functions – two major issues that have emerged with regard to the national budget in recent years.

Project research also identified and clarified key weaknesses in national budget accountability processes and sought to identify priority areas for reform and offer constructive solutions. While not all of these could be addressed more than partially during the life of the project, project research on these issues points the way to more strategic work on budget accountability and transparency moving forward. These related to the relative powers of the executive and legislature over the national budget, how implementation of the national budget affects local government units, COMELEC budgeting issues, budget items suffering from an absence of clear rules governing their levels, release and documentation, and reform of COA.

In *conclusion*, MSI believes that the Philippines National Budget Monitoring Project spurred significant strides in the appreciation of the importance of national budget monitoring among CSOs and legislators, as well as in the awareness of the rights of CSOs to monitor the budget among executive agencies, for relatively modest level of inputs. The project's timing was excellent. Project results show that it responded to pent up demand for better understanding and accountability of national budget processes. The project was able to crystallize inchoate thinking about the need for more and better budget monitoring, and to provide a structure for the development of monitoring capabilities and processes. As a result groups and individuals touched by the project, along with their publications and presentations, demonstrate deep buy-in to the idea of the importance of informed budget monitoring and analysis. Because the project stressed sound research, vs. "opposition" and advocacy, it quickly gained the respect of variety of parties, including legislators and investigative journalists, and in turn built demand for its expertise. It has established a base from which donors and activists can build an array of strategic activities to increase the accountability and transparency of the national budget and of the Philippine government more generally.

I. FINAL QUARTERLY REPORT: REVIEW OF JULY 2009 ACTIVITIES BY PROJECT COMPONENTS

A. CORE TASKS IN SUPPORT OF PROJECT COMPONENTS (PROJECT MANAGEMENT AND ADMINISTRATION)

The final month of project activity was centered on finishing up subcontract and subgrant activities, collecting data for the final report, and completing the necessary paperwork and procedures to close out the project. All project activities were completed by July 31, within budget.

Dr. Gwendolyn Bevis, the project's Technical Director for MSI, traveled to the Philippines from June 29 to July 11 to meet with the USAID COTR and others within the Mission interested in the project, the local Project Coordinator Ms. Emilia Boncodin, project staff and leadership from all the subcontractors and subgrantees, representatives of organizations participating in the network but not receiving project funds, and relevant observers of the project. Dr. Bevis worked with all the subs to ensure they completed and reported on all funded activities in a timely manner. She held in-depth discussions with each sub regarding the outputs, impact, challenges and lessons learned of each subcontractor's/subgrantee's activities. She also attended one network meeting, and met with the Project Coordinator several times. Dr. Bevis met with former COTR Gerry Porta and current COTR Mercy Ria Orca at the beginning of her trip, then briefed Ms. Orca and Christian Hougen of USAID/Manila's Office of Economic Development and Governance, at the completion of her trip. This report includes, in Section III, recommendations for further USAID funding of national budget monitoring efforts that reflect the outbrief discussion with Mr. Hougen in Section VI.

B. COMPONENT ONE: MAPPING OF EXISTING NATIONAL BUDGET INFORMATION AND MONITORING CAPACITY

As detailed in previous quarterly reports, Component 1 has been accomplished. Information generated by the mapping continues to be publicly available. The PNBMP website has been regularly updated (<http://www.philbudgetmonitoring.org/Home.htm>).

C. COMPONENT TWO: DEVELOPMENT OF A NETWORK OF CSOs AND JOURNALISTS CONCERNED WITH NATIONAL BUDGET MONITORING

Network meetings from April through July are summarized in the table below.

Meeting/forum	Date	Individual Participants			Organizations
		Members	Non-Members	Total	
Budget Network Meeting: Evaluation & Planning for Next Steps	June 15, 2009	21	1	22	14
Budget Network meeting: Review & Signing of the Network's Working Principles	July 6, 2009	12	2	15	10
Public Forum on the FY 2009 Budget & "The Power of the Purse"	July 13, 2009	32	70	102	38

The project evaluation meeting was held June 15. It brought together 22 individuals from 14 network member organizations to reflect on accomplishments and lessons learned from the project. In particular, network members re-did the capacity self-assessment they had undergone at the outset of the project. The results of the exercise, as summarized by the Project Coordinator and INCITEGov (see Annex C), show a dramatic improvement in CSO capacity for applied budget work, among both individual trainees and organizations as wholes. This meeting also discussed the network’s future, in terms of its structure and activities.

The network continued to conduct general network management activities into July. These included a network meeting on July 6. This meeting reviewed the progress of subgrants and of joint network activities. The central purpose of the meeting was to review two key documents: the “Memorandum of Cooperation” for the network, and the description of planned future activities. The Memorandum of Cooperation represents an agreement among budget network members to continue the work of the network. As of the end date of the cooperative agreement, it had been signed by eight organizations and was being circulated for additional signatures. It lays out the shared assumptions and goals of network with regard to budget monitoring. The description of future activities is intended to serve as a strategic plan and a basis for funding proposals.

The final meeting of the network served to launch one of the most significant of its products, the joint paper on “The Power of the Purse” (described in and attached to the previous quarterly report). It included a presentation by the Chair of the House Appropriations Committee on the FY 2009 GAA. Over 100 CSO leaders, academics, members and staff of the House, and journalists participated.

In addition, seven (7) new members of Congress requested the assistance of INCITEGov and the Freedom from Debt Coalition (FDC) for a joint briefing on the Salary Standardization Law and the Public Debt in the second week of July 2009.

The table below summarizes activities with regard to the *joint projects and publications* from April through July 2009.

Project	Lead CSO	Status
1. Compensation Rationalization	UP - NCPAG	<ul style="list-style-type: none"> Senate and House of Representatives Joint Resolution No. 4, referred to as the Salary Standardization Law 3 (SSL3), was approved and signed by the President on 17 June 2009 Executive Order No. 811 was issued on 17 June 2009 implementing Joint Resolution No. 4 and providing for the release of the first tranche of the modified salary schedule for government personnel Inclusion of provision stating that SSL-exempt agencies not yet implementing their own pay plan are entitled to the new pay scales Inclusion of provision on transparency and reporting of compensation structure of agencies exempted from the Standardized government compensation scheme Paper completed
2. Budget Law/ Legal Framework	IPD/INCITE Gov Project Team	<ul style="list-style-type: none"> Two (2) Committee Hearings on the Budget Reform Bills were conducted in the Senate and one (1) in the House of Representatives Four (4) new bills filed in the Senate and five (5) bills filed in

Project	Lead CSO	Status
		<p>the House of Representatives proposing amendments to the budget law since September 2008</p> <ul style="list-style-type: none"> • Paper completed
3. Off-Budget Accounts	TAN/ INCITEGov Project Team	<ul style="list-style-type: none"> • Research on inventory of off-budget accounts completed • Paper completed
4. Use of Audit Reports	PHILSSA/ INCITEGov Project Team	<ul style="list-style-type: none"> • Paper on the Analysis of COA Annual Audit Reports from 1992-2007 completed • Philippine Human Development Network Report for 2008 incorporated the Budget Network study on the COA Audit Reports from 1992-2007 and extensively used PNBMP data on the budget processes and statistics.
5. OPIF	PhilDHRRRA	<ul style="list-style-type: none"> • Paper focusing on performance-based budgeting, using the Organizational Performance Indicator Framework (OPIF), completed

The first subcontract provided for five joint projects and publications by the network. The funds for these were deobligated from the first subcontract when INCITEGov failed to submit the publications by the end date of that subcontract, but the funds were added back into the second subcontract. The remaining three publications were completed in July. The publications on the Power of the Purse and OPIF were described in the previous report. The remaining three reports covered the following topics:

“Rationalizing Public Sector Compensation”: The Philippines public sector compensation and position structure has undergone two major overhauls since 1986. The 1994 Salary Standardization law (“SSL-2”) was deemed out-dated by policy-makers, leading to consideration of a new round of reforms in the present Congress. This paper (see Annex E) provides a clear description of the issues in and history of rationalizing public sector compensation. Among other results, it provides public sector employees themselves with information on what they should expect with regard to their own institutions and positions under the new law, known as SSL-3, passed in June 2009. UP-NCPAG’s research appears to have influenced SSL-3. In particular, the June joint resolution incorporated a new provision calling for all SSL-exempt agencies to submit reports of their pay structure to fiscal authorities. This is a major achievement of civil society, above all the Budget Network, in response to the difficulties encountered by both government and non-government groups in securing information on SSL-exempt compensation.

“Off-Budget Accounts”: As this paper states at the outset, “[o]ne of the key elements of a sound budget system is comprehensiveness, i.e., all accounts and financial transactions are adequately reported in the government budget. This is to ensure full transparency of financial accounts and to safeguard government funds from unscrupulous practices.” This paper provides an overview of those government transactions that are (legally) accounted for outside the national budget, with the objective of increasing the transparency of this aspect of government financial operations. The paper defines off-budget accounts (OBAs), describes their major past and present uses in the Philippines (based on detailed research findings), and discusses the issues in their use, including their vulnerability to abuse. It concludes with a set of balanced and practical recommendations for improved management of OBAs.

“Using Reports of the Commission on Audit”: As previous reports have suggested, and grantees’ final reports confirm, one of the main contributions of this project has been teaching civil society organizations how to use COA reports to hold government accountable. This paper summarizes that knowledge. It also

includes detailed recommendations for how COA reports can be improved and used as a tool for accountability.

D. COMPONENT THREE: TRAINING AND TECHNICAL ASSISTANCE

All five planned training workshops were completed as of the sixth quarter (March 31, 2009).

Ms. Boncodin continued to provide technical assistance to the grantees at network meetings and through one-on-one consultations.

E. COMPONENT FOUR: SMALL GRANTS

Activities from April through July are summarized in Annex D. Those that were held by June were reported upon in detail in the previous quarterly report.

Final activities in July included the following:

Ateneo School of Government – COMELEC Budget Watch:

Ateneo completed its grant-funded activities July 22 with a conference entitled “COME, ELECT!: A National Conference on Ensuring Successful Automation in 2010.” The conference was aimed at enhancing the accountability of the Philippine electoral administration by subjecting a number of crucial and timely topics to public inquiry, particularly the current process of automation. It brought together over 120 officials of COMELEC, election experts, civil society activists, members of the legislature and media. It was co-sponsored by the Transparency and Accountability Network (TAN).

The conference keynote address was given by COMELEC Commissioner Rene Sarmiento. The first panel session addressed Election Modernization and the Role of the Civil Society Organizations, with presentations by TAN and other CSOs; the second was on Designing the Reform Advocacy, with key COMELEC officials serving as the panelists. During the afternoon session, there was an actual demonstration of the PCOS (Precinct Count Optimal Scan) by Smartmatic. In the final session of the conference, participants divided into workshop groups on: (1) Pre-Election and Budget Allocation; (2) During Election; (3) Post-Election Audit; and (4) Voters Ed, Cleansing of the Voters List and Registration.

CODE-NGO – Monitoring the Budget of the Department of Agriculture:

CODE’s grant activities were largely completed as of the previous quarter as reported. After holding a National Forum on the Department of Agriculture’s budget in June, CODE held four regional workshops (one in June, the other two in July) to roll out the results of the forum and to institutionalize the regional budget monitoring networks that CODE had established with its partners under the follow-on grant it received. These occurred in Regions 5,6 11 and 13. At the forums, each regional partner gave updates on

initiatives carried out in their respective area vis-à-vis previously agreed upon plans, reviewed plans for continuing relevance, and drew up detailed plans for the next phase of efforts to engage regional level DA offices and conduct budget monitoring, particularly through membership in Agriculture and Fisheries Councils (AFCs) which CODE has determined to be a key venue for engagement with and monitoring of the DA.

Institute for Popular Democracy – Expanding the Scope for Performance-Based Grants (PBGs):

Having developed a model ordinance governing water service in the previous quarter (see previous quarterly report for details), IPD conducted a “local customization workshop” as its final activity under the grant in Iloilo July 6-7. It was attended by approximately 70 civil society activists, local government officials, and Metro Iloilo Water District (MIWD) representatives. IPD facilitated the meeting, and the Dept. of Health was represented through pre-recorded videotape presentations. IPD presented national data on issues in water supply and community-managed water systems, along with its draft ordinance on performance-based financing and draft memorandum of agreement between water districts and communities. IPD facilitated the development of an action plan to respond to the need for improved water service delivery in Iloilo (which has experienced a crisis in water supply since Typhoon Frank in 2008). The MIWD acknowledged the need to partner with communities and local government officials committed to work for the adoption of the ordinance in their respective LGUs. Conference participants also signed a petition letter to the Dept. of health requesting national government help in (and providing concrete recommendations for) enabling waterless communities in Iloilo to take on water service provision in cooperation with LGUs.

Partnership of Philippine Support Service Agencies (PHILSSA) – Monitoring of Philippine National Budget for Social Housing:

PHILSSA had worked with award-winning Pilipino writer, Roberto Anonuevo (winner of the Palanca writing award), to edit and translate the materials and tools for socialized housing budget monitoring into an accessible, step-by-step manual (in Pilipino) for local budget monitoring advocates among non-government organizations (NGOs) and peoples organizations (POs) (see previous quarterly report). The manual was approved for publication by MSI, and PHILSSA produced a thousand (1,000) copies and distributed them to the “Bantay-Pabahay para sa Maralita” advocates all over the country.

A second major output of the grant was the formation of a nationwide network and campaign among civil society groups, media and other stakeholders to monitor socialized housing budgets and projects. It is called “Bantay-Pabahay para sa Maralita” (Social Housing Watch). The core group of Bantay Pabahay Advocates comprises about 45 individuals, from approximately 35 organizations. Each region has approximately seven members (with more in NCR, plus non-regional members).

PHILSSA launched the campaign and the network, Bantay Pabahay Advocates, in all the regions in July: in Mandaue City, Davao City, Quezon City and Legazpi City, along with the manual.

Details of each event are as follows:

Region	Venue	Date	Participants
Visayas	SDC Conference Room, Social Development Center, Mandaue City	July 15, 2009	70
Mindanao	MIC Cursillo House, F. Torres St., Davao City	July 17, 2009	70
NCR	Sikatuna / Soliman Room, Sulo Hotel, Quezon City	July 20, 2009	22
Luzon	Ibalong Conference Room, City Hall Compound, Legazpi City	July 22, 2009	80

By marking the formation of core groups of civil society (PO and NGO) leaders committed and equipped to undertake budget monitoring in social housing, the launch meetings helped consolidate the work of civil society groups doing social housing budget monitoring and advocacy that had been developed under this and

the preceding grant. The launch meetings also provided an opportunity for structured engagement with concerned government officials (both in the executive and legislative) open to working with civil society groups for budget monitoring and advocacy initiatives; and with some media groups and journalists interested in social housing budget monitoring and advocacy. Presentations by PHILSSA indicate that budget monitoring is a key tool for developing advocacy for more and better socialized housing, and that discussions related to the budget for socialized housing were based on sound and clearly presented research.

Philippine Partnership for the Development of Human Resources in Rural Areas (PhilDHRRA) – DAR Budget Monitoring (DARBM) Project:

As described in the previous quarterly report, PhilDHRRA prepared under its second subgrant a policy note featuring highlights of findings and policy recommendations derived from a research study and stakeholders forum conducted under its first grant. The policy note was presented at a roundtable discussion attended by participants from civil society and representatives from the Presidential Agrarian Reform Council (PARC) in Quezon City on July 24, 2009. PARC also presented the 2009 CARP budget at this meeting. It was thus a well-structured opportunity for agrarian reform advocates and the PARC – the highest policy-making body for agrarian reform –to discuss pressing issues related to the new CARP budget. The discussion was productive, and there was a consensus among the participants that establishing a partnership between the government and civil society organizations is imperative to ensuring the success of the CARP extension.

II. CUMULATIVE REPORT

A. PROJECT BACKGROUND AND PURPOSE

I. Origins of the Project

Public sector corruption and a lack of lawmaker accountability are well-known, long-standing problems in the Philippines. In addition, the political science literature on the Philippines largely agrees that the Philippine President is relatively powerful, in part because of the office's power over the national budget. Yet as of 2006 observers took renewed note of both the many ways in which presidential power could be exercised through budgetary decisions, and the disfunctionality and opacity of the national budget process. For example, the President has used the release, and non-release, of budgeted funds to build support among Congressmen and local government officials and discourage opposition. At the same time, the budget process appeared to be failing: during the current administration, the budget has passed on time in only one year; it has been passed mid-year or the previous year's budget has been reenacted. Re-enactment of the budget further increases the President's power because funds unused by already completed projects or unneeded line items roll over into the President's discretionary fund.

These incidents and a widespread lack of understanding of how they might occur suggested to MSI and its partners in the Philippines that monitoring of the national budget, from development through execution, might be a powerful tool for holding government accountable.

The national budget plays several roles in democratic governance:

- It affects the capacity of government bodies to exercise their roles in the Philippines' political system of checks and balances;
- It articulates in a concrete way the government's policies at the national level and is thus a measure of the responsiveness of elected representatives to the needs of the Philippine citizenry; and
- It serves as a baseline from which funds are expended – or diverted – and thus functions as a window on waste and corruption.

Civil society organizations in the Philippines have effectively conducted budget monitoring. This area of activity has been marked by several gaps, however. First, many of these efforts have been tied to *local* budgets rather than the national budget. Second, when monitoring did happen at the national level, its focus was usually narrow and limited to a few sectors, such as education, or to subsets of such sectors, such as textbook procurement. Third, many of the organizations engaged in such monitoring have tended to focus on corruption, with the budget as one contributing factor, and/or have looked specifically at the timeliness of the release of funds, the political nature of allocations, or the lack of budgetary support for particular priorities. The national budget itself has not been a focus. Fourth, mainstream media generally report on budget matters sporadically and relatively superficially. Finally, groups involved in budget monitoring had not come together to combine knowledge and resources.

2. Project Objectives

MSI and its partners thus worked from two assumptions in developing the project. First, existing capacity for budget monitoring was substantial but partial and uncoordinated. Second, MSI and its partners believe that national budget monitoring should not be seen as an end in itself but as a set of strategic levers for increasing government transparency and accountability, a key activity in which CSOs must engage if they want to influence decision-making in Congress or the executive branch. Improved budget monitoring capacity can

also enhance existing anti-corruption, transparency and accountability efforts. Given these two assumptions, MSI proposed a project to USAID to increase capacity in a targeted manner, with relatively modest inputs of technical assistance and funding. The strategy of the project was to develop a whole that is greater than the sum of its pre-existing parts by:

- Increasing awareness of the centrality of the national budget to governance and accountability; and
- Deepening capacity in civil society to undertake budget monitoring and use it as a tool for accountability.

The project sought as its most ambitious result to prompt government to respond to CSO pressure and public awareness by making better substantive policy choices and/or making budget processes more transparent.

Capacity was defined at the level of both individual organizations and civil society more generally. The former includes:

- Knowledge of the processes of budget development and adoption, through disbursement and implementation;
- Skills to analyze budget content – the policies it embodies and the concrete implications of these policy choices;
- Ability to organize and communicate analyses in ways that the public and key stakeholders can understand; and
- Skills in conducting effective advocacy.

Capacity at the level of the community of CSOs concerned with the national budget includes:

- Skilled manpower dedicated to budget monitoring;
- Year-round budget monitoring;
- Access to communication channels;
- Systems for storing, preserving, and comparing budget information over a period of time; and
- Relationships of both trust and autonomy with government.

In terms of immediate beneficiaries, the project targeted groups that were already working in areas related to budget monitoring, as noted above. But it was also designed to attract others that might have an interest in the field but had not yet entered it. Similarly, it was centered on Manila, on the assumption that most groups concerned with the national budget would have offices there, but sought to reach out to interested organizations outside the capital. In terms of inputs, the project supported both training and applied practice in budget monitoring in order to deepen and hasten project impact.

B. SUMMARY OF PROJECT INPUTS AND OUTPUTS

I. Overview

The substantive components of the project are summarized in table below.

Activity Cluster	Outputs
Component 1: Mapping existing information & capacity	<ul style="list-style-type: none"> • Mapping of CSOs interested in budget monitoring done at outset; • List of relevant CSOs produced by mapping posted on project website; • Capacity of CSOs self-assessed at beginning of project and end; • Sources of government information on budget also inventoried and posted.
Component 2: Network: establish; link; conduct activities; publish	<ul style="list-style-type: none"> • Minimum 14 active members; • Website and listserv established and functioning; • Regular network meetings held; • Special meetings and events held for larger audiences; • Publications based on joint research; • Ad hoc/on request outreach to media, government, legislature; • MoU and concept paper for the future prepared.
Component 3: Training: basic and specialized sessions (5)	All five held: basic, infrastructure, judiciary and elections; security sector; media.
Component 4: Small grants for applied monitoring (5 awarded)	Ateneo: COMELEC CODE-NGO: Dept. of Agriculture IPD: Performance Based Grants PhilDHARRA: Dept. of Agrarian Reform PHILSSA: Socialized housing agencies

As a corollary to MSI's programmatic approach – enhancing and linking existing NGO capacities, rather than building capacity from scratch – MSI chose not to establish an office in the Philippines to administer the project. MSI contracted Ms. Emilia T. Boncodin as its local Project Coordinator. Prof. Boncodin had worked in the Department of Budget and Management (DBM) for 19 years, in increasingly senior positions, until her appointment as Secretary of the Department from 2001 to 2005. Her tenure was highly regarded for her principled and persistent efforts to reform the budget process, including efforts to make it more transparent. She has a degree in Business Administration and Accountancy from the University of the Philippines and an MPA from the Kennedy School of Government, Harvard University. As Project Coordinator, Prof. Boncodin was responsible for guiding the mapping and analysis of both government sources of information on the national budget and budget monitoring efforts; facilitating the development of the network; helping to identify local experts for the training component; developing the training modules and teaching; and monitoring the substantive progress of the sub-grants. She performed all of these roles extremely well. She also served as a resource person for media, the legislature and donors, in which role she

actively publicized the network, and as a mentor to CSOs under the project and beyond interested in budget monitoring.

MSI subcontracted INCITEGov, a relatively new not-for-profit organization composed of former cabinet and sub-cabinet officials committed to governance reform in the Philippines. INCITEGov conducted the mapping then implemented web activities and helped develop the network. MSI subcontracted the La Salle Institute of Governance (LSIG) to administer the training. LSIG, a research and training center at De La Salle University, has implemented a number of budget-related projects among its good governance efforts, such as The Budget Assessment Project, which has provided advisory services to selected members of the House of Representatives. Finally MSI awarded five subgrants, following the issuance of an RFA approved by USAID and a competitive bidding process, for applied budget monitoring work.

The project start date, according to project modification No. 1, was November 1, 2007. The end date was July 31, 2009, per modification No. 3. In addition to extending the duration of the project by three months, this modification allowed MSI to apply savings to new in-country activities by all five subgrantees and INCITEGov, along with the continued contracting of Ms. Boncodin as Project Coordinator and a final trip to the Philippines by the project's Technical Director to help with project close-out.

2. Mapping and website

Mapping the terrain of national budget monitoring entailed an inventory of groups working on national budget monitoring or related issues, a needs assessment of those groups, and an inventory of existing sources of information on the national budget from both public and private (NGO/university) organizations.

The Project Coordinator and INCITEGov developed systematic tools for conducting the inventory of groups (including desk research and interviews) and for the needs assessment. The needs assessment identified core competencies in applied budget work based on the knowledge, skills and behaviors required to undertake key activities during each stage of the budget process. The core competencies were adapted from the International Budget Project – Center for Budget Policies and Priorities (IBP-CBPP) checklist and tested for applicability in the Philippine national budget context. There were 14 core competency indicators developed for CSOs and 12 for media organizations. Two survey questionnaires were developed, one for CSOs and another for media, to determine proficiency levels of both individuals and organizations on the identified core competency indicators. These were administered in a focused-group discussion, with follow-up interviews held to further clarify respondents' responses.

The data collected from this set of exercises formed the bases for indicators in the performance monitoring plan, the baseline for measuring changes in NGO capacity, the training design, network development, and the initial information uploaded onto the project website. This component was therefore completed early on in the project. Information generated by the mapping continues to be publicly available through the project website.

The website began as pages on INCITEGov's website. Eventually the project team and INCITEGov management decided to create a separate domain for the PNBMP while maintaining existing links -- (<http://www.philbudgetmonitoring.org/Home.htm>). Both sites have been regularly updated. The Project Coordinator also prepared a simple guide to the national budget early in the project which was uploaded, along with all training materials, so that the original website was useful even in the early stages of its development. The new site represents a considerable advance on the previous presentation of the material. It is clearly laid out, is comprehensive with regard to the scope of the project, and includes not only project-related documents and events, but also news/articles related to the national budget. One article, published in a Cebu paper, leads with a quote from the Project Coordinator lamenting people's lack of concern about the budget and goes on in very accessible language to discuss why it is important.

3. Network

The network is made up of CSOs and CSO networks involved in aspects of national budget monitoring, academic institutions, media groups and journalists, staff of members of the House and Senate, and other interested organizations and individuals. The primary objective of the network has been to provide a forum for the sharing of information that can improve the efforts of CSOs involved in national budget monitoring. It also quickly came to serve as an information resource on budget matters for journalists and legislators, and to become a participant in donor groups concerned with public finance.

Meetings were held approximately monthly. They usually included an outreach component – where network member/s presented information to a larger audience – followed by a network meeting to share information. The network also communicated via an e-group.

A number of meetings functioned as mini training sessions. Perhaps the most important such meeting was that of August 2008 on how to use COA audit reports and related documents. Almost every grantee and network member interviewed by the project's Technical Director at the end of the project said that this "training" had been crucial to their budget monitoring work. Another meeting discussed Results-Based Budgeting Reform. Members received a briefing on the Organizational Performance Indicator Framework (OPIF) from the Department of Budget Management (DBM), including a walk-through of the Budget Performance Indicators of selected agencies. Network members then participated in a mentoring session on the OPIF Book, using the Department of Justice as a sample agency.

The network's joint activities – that is activities developed by more than one member in collaboration – were a combination of research, publication and public presentations of results. The network produced five joint papers, as follows (they have been more extensively summarized in previous reports):

- A study of the proposed Compensation Rationalization Bill, Phase 3. The bill aimed to upgrade the pay scale of government employees to approximate the pay scale in a medium-sized private firm, among other reforms. The network supported the legislation as a result of its own study, and was able to influence the legislation (see section C.3 below). As part of network activities around the study, the DBM presented the proposed bill to the network.
- An inventory of off-budget accounts being maintained by the national government, their legal bases, sources, uses, management procedures and fund status. This project was intended to show the magnitude of funds that escape the national budget net and point to accounts most in need of reform.
- A review of the existing Budget Law and legal framework and possible amendments. The paper seeks to clarify legislative and executive powers over the budget and propose budget procedures and practices more consistent with international best practices in democracy. Preparation and release of this paper has met with great interest from the legislature.
- A review the range of audit reports produced by the Commission on Audit (COA), the Philippines' supreme audit institution, and of the degree to which they are disseminated and used to improve financial transparency and accountability; and
- A review of the extent to which the Organizational Performance Indicator Framework (OPIF), the performance or results-based budgeting initiative, is actually used and implemented in the budget process.

The network agenda has thus included investigation of timely issues along with broader consideration of how to improve the overall institutional framework for budget development and monitoring. All of the papers have been well written and form the bases for further advocacy of reforms of budget processes.

While the network met regularly and pursued pre-planned joint activities, it also responded to “breaking” developments related to the budget. This flexibility and understanding of when and how budget issues are important has enabled the network to insert itself into public and legislative debates on and processes of national budget formulation and implementation. As indicated above, the network relatively quickly and thereafter regularly was called upon by members of Congress for information on the budget process as well as on specific issues and analysis. Ms. Boncodin and network members also served as resources for the media, and were interviewed multiple times by broadcast and print media outlets.

As of the close of the project, the network had drafted a Memorandum of Cooperation to govern future operations. This memo establishes the network as a non-partisan group that is willing to work with government to effect reform, but above all asserts the right of citizens to understand their national budget and hold officials accountable. Organizationally, the memo continues to articulate the structure of the network as a loose one, and supports continued network activity in information storage and sharing, capacity building, analysis, and advocacy of greater budget transparency.

4. Training

The project conducted five training workshops, as planned. The first was designed as a basic training in national budget content and processes, and monitoring. Subsequent workshops covered the monitoring of the national budget with regard to: infrastructure and public works; the security sector; and the judiciary and elections. The project sought to have all network members (plus other interested groups) attend the basic training, then invite already trained individuals/organizations to the specialized sessions, to ensure depth of knowledge and skills. Members of the media were invited to all these workshops and were given specialized training in a separate workshop.

Resource persons included former and current government officials (including Ms. Boncodin), and development practitioners and academics, all with expertise in national budget processes and/or content. The security sector training also included an international resource person, Dr. Marcela Donadio, an expert in security budget monitoring and founder of a security sector budget monitoring network in Latin America.

The format included lectures, case studies, small group discussions and other participatory adult learning activities that provided opportunities for participants to begin to apply what they had learned to their own organizations’ budget-related activities and concerns. Substantive content included background on the issue at hand, guidance on how to obtain budget information related to the topic, guidance on how to understand/interpret government budget documents e.g. audit reports, and training in how to communicate the results of budget monitoring and analysis effectively.

All five workshops were relatively well evaluated by participants. The basic training and security sector workshop were best received – the first because it was “eye opener” in the words of one senior CSO leader who participated. The latter was the only workshop with an international expert, and she was reportedly very impressive. That workshop was attended by several members of the House and has prompted interest in establishing a civil society monitoring group for the security sector.

Documents produced by grantees show the influence of training in their use of information and their presentation, both generally and specifically. PhilDHRRA, for example, used knowledge gained in the workshop on monitoring infrastructure budgets in the development of its monitoring manual, particularly the sections on monitoring farm-to-market road construction and maintenance. In addition, the grantees that conducted training in budget monitoring for their particular constituencies drew from the workshop format, resource materials and pool of experts.

The workshop for media was repeatedly delayed due to the difficulty of identifying a sufficient number of available participants for a given date, but it was eventually held in February 2009. This workshop was much shorter than the others to accommodate journalists’ schedules. It included analysis of current budget topics

of interest to the media, in combination with skills training in how to analyze the national budget and report on it in understandable language, with an emphasis throughout on “mainstreaming” reporting on the budget. Post-training interviews and articles produced by some trainees suggest that the journalists who participated, even those who were already reporting regularly on budget-related issues, gained a clearer understanding of the budget process and specific budget issues.

5. Small grants

The small grant component of the project was crucial to building capacity for and demonstrating the relevance of applied budget monitoring. The grants were awarded through a competitive process: MSI released an RFA through the network and, with Ms. Boncodin’s input, selected five applicants to recommend to USAID for funding. MSI subsequently received approval from USAID to apply project savings to the grants component and awarded all five subgrantees second grants for activities directly following on from those conducted under the first round of grants, in order to deepen the impact of the grants program.

Three subgrantees, CODE, PhilDHRA and PHILSSA, extended the basic training into particular sectors and reached many more activists thereby. They have also sought to institutionalize national budget monitoring as a tool for accountability by developing manuals and policy papers, implementing pilot monitoring activities, and disseminating their findings. The other two, Ateneo and IPD, also conducted in-depth research with significant policy reform implications. While they did not conduct training per se, they sought to disseminate their research findings to relevant constituents and to engage them in advocacy of the reforms suggested by the research. Operationally, subgrantee reports indicate that the grantees have generally applied their grants funds with care and effectiveness. A number have reported significant cost share.

ATENEO SCHOOL OF GOVERNMENT

Project: G-Watch Monitoring and Documentation of the COMELEC Budget Process

Period of Performance:

Grant Award # 1: June 5, 2008-March 30, 2009

Grant Award # 2: May 22-July 22, 2009

Total Requested Funds:

Grant Award # 1: 1,224,000.00 (PHP)/27,312.41 (USD)

Grant Award # 2: 233,900.00 (PHP)/5,178.16 (USD)

Government Watch or G-Watch is a social accountability program of the Ateneo School of Government that promotes transparency and accountability through citizens’ participation and systems improvement in partnership with concerned government agencies. G-Watch specializes in expenditure-tracking and monitoring the program implementation of government agencies.

The G-Watch Monitoring and Documentation of the COMELEC Budget Process project proposed to track and document the budget process of the Commission on Elections (COMELEC) from planning and formulation through monitoring and evaluation, representing the first concerted attempt to establish citizens monitoring of the elections budget. The project funded under the first grant had five objectives: 1) to establish a partnership with COMELEC through a Memorandum of Agreement; 2) to document the normative budget process of the COMELEC and the actual process observed in the course of the documentation; 3) to identify specific areas in the budget process of COMELEC that would require or are strategic entry points for an accountability mechanism; 4) to prepare a documentation report; and 5) to provide information that can serve as a basis for an analysis of the policy implications and performance

impact of the elections budget process. Under its second grant, Ateneo 6) mounted a Conference on Enhancing Accountability of Philippine Electoral Administration (CEAPEA). The conference was intended to bring together officials of COMELEC, election experts and key stakeholders (and media), to review existing accountability mechanisms and explore how to increase the accountability of COMELEC as a strategy for improving the administration and management of elections in the Philippines. In particular it reviewed progress on electoral modernization since the passage of the Election Automation Law in 1997.

Ateneo explained to COMELEC that it wanted to track and document the latter's budget in order better to understand the level of resources needed adequately to administer elections and if sufficient resources have in fact been allocated and deployed. In other words, it presented itself as a potential ally of the COMELEC. Unfortunately COMELEC has been reluctant to allow external scrutiny of its finances, and sought to limit the G-Watch team to analysis of the budget for automation. Ateneo nonetheless continued to try to build COMELEC's trust over the course of the project in hopes of doing more in the future, and had some success, although the planned Memorandum of Agreement was never signed. The delays encountered indicate how difficult it is currently for citizens, who are far less well prepared than the Ateneo team, to obtain information related to the budgets of key democratic institutions.

Despite COMELEC's resistance, Ateneo did not limit itself to the budget for automation, and used multiple sources of information (including official documents, interviews and observation) to develop a surprisingly complete picture of COMELEC's budget process. The results, along with the policy implications and recommendations drawn from the research, appear sound (see Annex C of the Quarterly Report for April-June 2009). Ateneo presented its research first to COMELEC and then to civil society groups concerned with elections. These meetings produced additional information and issues worth clarifying (see Ateneo "Problem Solving Session_List of Issues and Documentation" attached as Annex H). As of the close of the project, Ateneo had worked with interested civil society groups to develop an agenda for advocacy of reforms related to COMELEC's budget process. But it was unclear where Ateneo's discussions with COMELEC itself will go: Ateneo had compiled a list of issues and questions raised in the "problem-solving" session with COMELEC and DBM; while COMELEC responded through email, DBM did not respond.

CAUCUS OF DEVELOPMENT NGO NETWORKS (CODE-NGO)

Project: Monitoring the Budget of the Department of Agriculture

Period of Performance:

Grant Award # 1: June 5, 2008-March 30, 2009

Grant Award # 2: May 22-July 22, 2009

Total Requested Funds:

Grant Award # 1: 1,134,854 (PHP)/25,413.88 (USD)

Grant Award # 2: 368,800 (PHP)/8,188.70 (USD)

CODE-NGO is a network of 12 networks of development NGOs representing more than 2,000 organizations (NGOS, POs and cooperatives) in the Philippines. Since its establishment in 1991, CODE-NGO has sought to improve the capacity of its member networks and base organizations by focusing on advocacy and public funds monitoring to improve public policy.

The Monitoring the Budget of the Department of Agriculture project proposed to track the Department of Agriculture's (DA) budget. The project funded under CODE's first grant had five objectives: 1) to train 50 leaders of national networks and regional NGO/PO/co-op networks in five (5) regions in national budget analysis and monitoring; 2) to promote greater understanding of the DA's budgeting structure and process; 3) to craft a shared analysis of and recommendations for the budget process and content of the DA, particularly

its 2008 approved budget and its proposed/approved budget for 2009; 4) to advocate for these recommendations in the DA and Congress; and 5) to form an informal learning and action network (LAN) of NGO/PO/co-op leaders committed to continuously studying, monitoring and undertaking advocacy/lobbying activities related to the DA budget process and content. Under its follow-on grant, CODE sought: 6) to familiarize civil society organizations with the 2009 DA Budget, as approved by Congress; and 7) build the capacity of network members to maximize their engagement in Agriculture and Fisheries Councils, and/or other mechanisms at national and local levels, with regard to budget advocacy and budget monitoring.

CODE's training targets were efficiently and fully accomplished and represent a significant extension of the overall PNBMP training effort. CODE's success in establishing a learning and action network of farmer and fisherfolk POs, NGOs and coops committed to push for civil society monitoring of the DA budget also appears to have made strides towards institutionalizing budget monitoring in these sectors. This network communicates via an e-group, as well as face-to-face meetings.

CODE engaged in a number of research and publication efforts under its grants; perhaps the most notable is the policy brief "Of Scams and Lumpsums: The Need for Greater Transparency and Accountability in the Department of Agriculture Budget Process" (previously forwarded with the Quarterly Report for January-March 2009, as Annex C). As noted in previous reports, CODE's research and analysis appear to have been sound. CODE has also prepared a variety of clear and informative presentations for use in the House and Senate, with media and with NGOs.

CODE was among the most successful of the grantees in disseminating information related to its research and policy recommendations. CODE provided a number of policy briefings to multiple members of the House and Senate, the DA (at national and regional levels), the DBM (including the director overseeing the DA's budget), and the Commission on Audit; disseminated research to interested organizations through meetings and other venues, such as a National Forum on the DA budget, and to donors such as the World Bank; and received media exposure for its articles and issues. With regard to the last, CODE arranged for a meeting with editors and journalists regarding the project and issues related to agriculture and DA budget reform, as well as providing ad hoc briefings. At least three articles by CODE staff or journalists about or stemming from activities related to CODE's grant have been published.

INSTITUTE FOR POPULAR DEMOCRACY (IPD)

Project: Expanding the Scope for Performance Based Grants

Period of Performance:

Grant Award # 1: June 5, 2008- March 30, 2009

Grant Award # 2: May 22-July 22, 2009

Total Requested Funds:

Grant Award # 1: 650,000 (PHP)/13,550.45 (USD)

Grant Award # 2: 240,000 (PHP)/5,126.18 (USD)

Founded in 1986, the Institute for Popular Democracy (IPD) is a non-profit research and advocacy institute that seeks to enhance the capabilities of NGOs, POs and progressive political groups.

Under its first grant, IPD sought to generate knowledge regarding, and convene groups with the capacity to serve as reference points and advocates for, a reform of the patronage-based national budget process. The focus has been on expanding the scope for performance-based grants (PBGs), and thus reducing the scope for discretionary forms of national government support for devolved services. Activities included: 1) review

and documentation of economic theories and hypotheses that might explain the existence of continuing national government support for devolved services; 2) identifying constituencies for performance- and formula-based grants, and establish the contrast with pork barrel or discretionary funds; 3) inventorying existing PBGs in order to identify and propose areas into which PBGs can be expanded; and 4) identifying local government units (LGUs) and sectoral needs where PBG's might be introduced. Under the follow-on grant, IPD focused on expanding the scope for PBGs in water provision, with an emphasis on demand-driven proposals. The second grant supported the advocacy of performance-based fund flows coming from the local level (LGUs and CSOs) regarding how national agency budgets for water (Department of Health/DoH-Local Water Utilities Administration/LWUA) should be disbursed. Activities included: 5) developing local level proposals for implementing rules and regulations to govern the PhP1.5 billion water fund at the Department of Housing; 6) a workshop of local stakeholders on service provision to "commercially unviable areas" in water districts; and 7) dissemination of information derived from these activities to a wider range of stakeholders.

The grants' outputs included:

- Research on PBGs – how they work, where they might work best, how they can be implemented in the Philippines;
- Development of model legislation/ a model ordinance – i.e. implementing rules and regulations governing access to grants from national government agencies based on performance in delivering basic services – that LGUs and communities can adapt to put water PBGs in place more easily;
- Advocacy of the rules-based dispersal of funds for LGUs with officials at various levels, including two major water providers (Department of Health [DoH] and Local Water Utilities Administration [LWUA]) and members of House and Senate (in particular, IPD sought to extend the use of the rules of the National Economic Development Authority – Investment Coordinating Council [NEDA-ICC] governing national government support for devolved services from the DOH to LWUA); and
- Hands-on work with selected LGUs and communities on how to proceed with implementing PBGs for water in their areas.

While IPD's focus appears to be narrow, it concretely addressed the large issue of the stealthy rolling back of the spirit of the 1991 Local Government Code in recent years. Like other grantees, IPD took the approach of conducting both general research and applied policy work in a particular area, in this case concrete guidelines for budgeting for local water provision. Similarly, IPD worked at both national and local levels, to help build local constituencies for national level reforms.

Philippine's Partnership for the Development of HR in Rural Areas (PhilDHRRA)

Project: Department of Agrarian Reform Budget Monitoring Project

Period of Performance:

Grant Award # 1: June 5, 2008-March 30, 2009

Grant Award # 2: May 22-July 22, 2009

Total Requested Funds:

Grant Award # 1: 1,136,000 (PHP)/ 26,882. 27 (USD)

Grant Award # 2: 235,000 (PHP)/4,107.67 (USD)

PhilDHARRA is a network of 66 NGOs involved in a wide range of development activities in the rural Philippines, including community organizing, capacity-building, research and advocacy. Most of these efforts have been focused on ensuring the active participation of civil society in local and national governance mechanisms.

Under its first grant PhilDHARRA aimed to establish a mechanism for civil society monitoring of the Department of Agrarian Reform's (DAR) budget and pilot it at the provincial level. PhilDHARRA sought both to ensure proper use of funds and at the same time to provide an alternative source of information on Comprehensive Agrarian Reform Program (CARP) implementation. The project had four objectives: 1) to write and publish a manual for field monitoring of CARP land acquisition and distribution (LAD) and support services delivery projects, including the development of field monitoring, validation and evaluation tools; 2) to conduct a training of staff members of the PhilDHARRA Secretariat and PhilDHARRA member organizations in field monitoring of CARP LAD accomplishments and support services delivery projects; 3) to conduct field monitoring of CARP LAD accomplishments and support services delivery projects vis-à-vis the approved and released CARP budget for 2008 in the province of Compostela Valley as a pilot effort; and 4) to disseminate the data and field monitoring reports generated by the project to stakeholders. Under the follow-on grant, PhilDHARRA sought to 5) distill the findings from its project-funded research on the Department of Agrarian Reform's (DAR) budget into a policy brief for legislators, and 6) disseminate the findings and tools to a wide audience through a forum for stakeholders in agrarian reform at the national level and from regions beyond the pilot region covered under the first grant.

PhilDHARRA produced a rich set of outputs:

- a systematic methodology for monitoring DAR land distribution and support services, including indicators and a sampling framework;
- a detailed, easily understood guide for the methodology's implementation by local partners ("A Guide in Monitoring the Department of Agrarian Reform's Land Distribution and Support Services", (included in this report as Annex I);
- a large cadre of trained field monitors;
- actual monitoring and documentation in one province;
- analysis of DAR budgets, including:
 - the 2007 DAR budget that includes an overview of the DAR budget and its fund sources, analysis of regional appropriations, an assessment of performance that links DAR's budget to its accomplishments, and a review of the audit reports of COA, based on data from the Presidential Agrarian Reform Council (PARC), the DAR, DBM, and COA, and using both quantitative and qualitative analysis (such as the allotment utilization index (AUI), comparison of regional appropriations, and compilation of significant audit report observations); and
 - the 2009 budget, focusing on reviewing the Bicameral Report on the proposed General Appropriations Act (GAA);
- policy papers ("Department of Agrarian Reform's Budget in Focus: Discussions Papers and Case Study" and "DAR Budget in Focus: Policy Recommendations on Improving Transparency and Utilization." (The latter was submitted with the Quarterly Report for April-June 2009, as Annex D; the former is included here as Annex J); and
- dissemination of its analyses and recommendations to DAR, activists in civil society, policymakers and media.

PARTNERSHIP OF PHILIPPINES SUPPORT SERVICE AGENCIES (PHILSSA)

Project: Monitoring of the Philippines National Budget for Social Housing

Period of Performance:

Grant Award # 1: June 5, 2008-March 30, 2009

Grant Award # 2: May 22-July 22, 2009

Total Requested Funds:

Grant Award # 1: 1,250,000 (PHP)/ 27,435.88 (USD)

Grant Award # 2: 239,000 (PHP)/5,258.00 (USD)

PHILSSA is a national network of NGOs working on urbanization and urban development. As the secretariat of the Urban Poor Alliance (UP-ALL), it is the largest national network of urban poor organizations and support NGOs working on urban development and social housing in the Philippines.

Under its initial grant PHILSSA aimed to: 1) train 40 leaders of urban poor groups and support NGO's in national budget monitoring and advocacy; 2) formulate a budgetary analysis of the key government agencies involved in social housing; 3) monitor and assess selected social housing projects in terms of adherence to the budget allocation, quality of services, and appropriateness to the needs of the urban poor; 4) produce and advocate for an agenda and recommendations for the 2009 national budget for housing and social housing; and 5) form a system within PHILSSA and the Urban Poor Alliance to sustain budget monitoring capacity. Under the second grant, PHILSSA sought 6) formally to establish an advocacy group concerned with monitoring budget issues related to socialized housing, and 7) to prepare and publish a manual on socialized housing budget monitoring for civil society groups.

PHILSSA was another solid performer. It produced:

- Research on the development and implementation of socialized housing budgets across relevant agencies;
- Policy brief on the national budget for social housing (submitted with the Quarterly Report April-June 2009, as Annex D);
- Applied monitoring in selected areas;
- A comprehensive and accessible manual on housing budget tracking;
- An advocacy agenda based on PHILSSA's research for concerned CSOs (especially the UP-ALL coalition);
- Participation in committee hearings related to the 2010 budget for housing;
- Presentations of research and recommendations in such venues as meetings conducted by the Housing Urban and Development Coordinating Council (HUDCC) on the Comprehensive and Integrated Social Finance Act (CISFA) and Urban Development and Housing Act (UDHA) in line with the Senate Sunset Review of the two laws on April 15 and 20, 2009; and
- Bantay Pabahay Advocates, a network of CSOs leaders with expertise in housing budget issues.

It is worth noting that PHILSSA's efforts demonstrated how difficult it can be to obtain information from agencies not included in the General Appropriations Act (GAA) (social housing is funded through government corporations). This general finding points to another possible area for reform.

6. Administration and Oversight

As noted earlier, the project was intended to enhance pre-existing capacity with a relatively modest amount of funding. As such, MSI believed the establishment of a local office to be an excessive cost and so did not budget for one and did not set one up. INCITEGov, in hosting the network and its joint activities, effectively functioned as an office for many of the project's activities and provided support to Ms. Boncodin for her network-associated activities.

The two subcontractors performed well overall, with the exception noted below. INCITEGov's project manager was Ms. Henedina Abad. Her previous experience as a member of the House of Representatives in particular gave the project access to and credibility with House and Senate members and staff.

The project's Technical Director, Dr. Gwendolyn Bevis, and MSI's Washington, DC-based project managers were in regular, frequent contact with the subcontractors and subgrantees by email and phone. Dr. Bevis traveled to the Philippines twice during the duration of the project, first to help set up the project from Dec. 1 to 15, 2007, and then to help close out the project, from June 29-July 11, 2009. MSI also sent a performance monitoring and evaluation expert, Jill Tirnauer, to the Philippines to help the project team and the sub-grantees with individual M&E tasks, and conduct training in recent developments in performance monitoring and evaluation techniques and best practices in measuring policy and advocacy work.

The one significant management issue the project faced was communications problems with the Project Coordinator and INCITEGov. After the problem of delays in reporting by the Project Coordinator emerged, MSI endeavored through frequent telephone calls to her, along with emails to her and various staff at INCITEGov, to ensure that reporting would proceed smoothly. MSI repeatedly expressed its willingness to restructure the budget to provide support for reporting and/or take over more report writing itself. In December 2008 MSI had a senior employee meet with the project principals to discuss reporting issues (at no cost to the project as he was in the Philippines for other purposes), and subsequently tasked another MSI employee visiting the Philippines to meet with the Project Coordinator (although she was unsuccessful in arranging a meeting). When these efforts appeared not to resolve the problem, forcing MSI to submit incomplete quarterly reports as of their due dates, MSI decided to delay finalization of INCITEGov's new subcontract until data for the quarters September to December 2008 and January to March 2009 were submitted (MSI informed USAID in advance of taking this step). When the data were submitted, MSI immediately proceeded with the subcontract, and submitted revised quarterly reports, with the full data included, to USAID.

Ms. Boncodin, because of her experience, reputation and skills, was clearly in great demand outside as well as within the project and may have had trouble delegating tasks in the face of multiple, competing demands on her time. On balance, however, Ms. Boncodin was crucial to success of project: a number of partners have mentioned how she generated trust and opened doors at key agencies (including the DBM, COA, and in the legislature), as well as conveying key concepts in budget monitoring clearly and practically. In retrospect MSI should have insisted on the hiring of dedicated support staff for Ms. Boncodin from the outset of the project and handled more of the reporting through direct communication with the subs, but we still believe that the savings and local credibility generated by the structure chosen outweighed the problems with communication.

C. RESULTS

I. Capacity building

The core of the capacity-building aspects of the project was the training. This was directed at organizations as much as individuals through its design, in which sustained organizational budget monitoring was stressed, and its participation policy, which requested that organizations send staff to the basic training before participating in any specialized sessions. Network meetings also functioned as mini-trainings when they included in-depth review of particular budget issues and their monitoring.

The small grants program was perhaps as important for capacity-building, however. In the first instance, it provided an incentive for applied budget monitoring work. Staff of the grantee organizations were thus trained under the program then applied their skills to research vital to their organizations' missions, working through the specifics of how budget monitoring worked in their areas of interest, with active mentoring from Ms. Boncodin.

Second, the small grants program extended the project's training efforts, by adapting and partially replicating the training program to large numbers of NGO and PO leaders, a result not fully captured by the PMP. CODE, PhilDHRRA and PHILSSA conducted training sessions for their partners and beneficiary groups, approximately 150 individuals from various regions and organizations. We cannot assume that these sessions built long-term capacity, given their limited nature, but they appear to have been reasonably well designed and to have conveyed some budget monitoring skills along with an understanding of the importance of budget monitoring.

The project also produced, through the grants program and network, practical, accessible manuals for CSOs and others on both general and cross-cutting aspects of the national budget process, and particular substantive areas of concern (for example COA, the DA, agrarian reform and social housing). These publications add an element of sustainability to the training. Finally, the establishment of the network begins to build collective capacity among Philippine CSOs to monitor the national budget on a sustained basis.

The improvement in capacity is evidenced by the self-assessment scores, partners' products, and interview data. As noted above, the post-project self-assessment exercise – which measured core competencies in budget monitoring – showed a marked improvement in organizational and individual capacities for applied budget work. Analyses produced under the project reflect greater capacity than previously existed in terms of accuracy, reliance on evidence, depth of understanding, and clarity of expression. Reports and interviews with partners indicate that advocacy also relied more heavily on budget analyses and was more evidence-based when referring to budget issues. Project beneficiaries have said that they now see the national budget as a meaningful aspect of policy, policy reform, policy impact and advocacy, rather than an abstruse stage in legislation, and that they now perceive the national budget more holistically than previously, rather than as a matter of spending on particular projects.

In final interviews with the Technical Director, grantees were able clearly to articulate value of the project's capacity-building activities. For example, PhilDHRRA said that the training had helped it determine that there was no money in the 2008 extension of CARP for compulsory acquisition and thereby to galvanize CSOs to address the issue. Project inputs also enabled it to establish and analyze baseline information necessary to monitoring implementation of the recently passed CARP law. This capacity is significant because the new CARP will be one of government's single largest programs. And perhaps most significantly, PhilDHRRA believes that the training will help it take maximum advantage of the release of information requirement in the new CARP law.

"The timing of the project was good. We had been looking at policies and problems in implementation but increasingly we felt the need to examine the government's budget – the main excuse for not implementing projects was 'not enough money.' We were strong on the policy side but weak on the budget side."

B. Balderrama, PHILSSA

In summary, the project produced a small but committed pool of people trained in basic budget monitoring skills, with hands-on experience in budget monitoring, and a somewhat larger pool of NGO activists and journalists, at both national and local levels, with better awareness of budget monitoring as a tool for accountability and with improved skills. In turn these activists are now more capable of evidence-based advocacy, and better prepared to address emerging budget issues. It also produced a set of tools for budget monitoring for specific issues areas and constituencies in the Philippines. Reports and interviews indicate that the project's capacity-building components were highly valued by the beneficiaries.

2. Increased information, knowledge, awareness

Substantively, the project increased the amount and quality of information in several areas:

- General information on the national budget process and content, and on how to monitor the national budget. For example, the project generated and has made available an inventory of the major sources of national budget information, including information on every key government budget document, its agency source, and its content. This inventory appears to be a unique resource in the Philippines. The network and several grantees published manuals or papers on various procedural and substantive aspects of monitoring (such as how to read COA reports, and how to monitor farm-to-market road projects).
- Formative research on particular budget-related issues. These included papers and publications on such sectors as water, agrarian reform, socialize housing, agriculture and elections, and on such cross-cutting issues as performance-based dispersal of national level funds, lump sum and off-budget accounts, the opacity and gaps in accountability of public corporations and independent commission budgets, and the systemic issue of the balance of power between the executive and congress with regard to the national budget.
- “Exposes” of current problems with the budget or budget process, such as executive overspending against the national budget total.

It is worth noting that the project's emphasis on applied budget work produced information with practical, policy applications, rather than simply criticisms of government.

This information was disseminated by multiple means: network- and partner-led forums and workshops (33), presentations at meetings hosted by organizations outside the project (7), the project website and partner websites, publications in various formats (10), and articles (by project beneficiaries or about the project or project products) and interviews of project principals in the mass media.

The project's information dissemination efforts most effectively reached the organizational and individual constituents of partner organizations (grantees, subcontractors and other network members). They also reached a small but strategic group of legislators, members of the executive and donors. As noted above, the Project Coordinator and others associated with the project were frequently called upon by members of the House and Senate for briefings on budget matters as a result of the “go-to” image rapidly developed by the project. With regard to the latter, the Project Coordinator and grantee leaders briefed donors in such settings as the Public Financial Management Group (PFMG). Project generated information also made its way into donor documents; the *Philippine Human Development Network Report* for 2008 incorporated the Budget Network study on COA Audit Reports and extensively used project-generated data on budget processes and statistics. It is likely, however, that the project did not reach many in the general public nor significantly change awareness and knowledge levels there.

The last outcome is linked to the project's problems in maximizing its interactions with the media for the purposes of both immediate, general information dissemination and longer-term capacity-building among journalists. The project invited media to all its trainings and network events (including the releases of

network study results), in addition to conducting a special training for journalists and subsequently holding a special follow-up briefing for them. The media-focused training reached high quality news outlets at both national and regional/local levels. At least five major articles were produced by four journalists participating in the budget network (the articles concerned the use of audit reports, the nature of budget savings and their uses, lump-sum appropriations in the budget proposal, the nature of unliquidated cash advances, and analysis of the Department of Agriculture). But the project's media outreach nevertheless fell short of hoped for results. First, it was difficult for the project to schedule a full training for media; a session was eventually held in early 2009, but it would have been more supportive of project objectives if it had been held much earlier, as well as if it had been longer. Second, and more fundamentally, the project team did not strategize the media component sufficiently; it therefore did not reach out systematically and could have done more to make project materials attractive to media. But we were also probably too optimistic when we designed the project. Most media-savvy observers of the project noted that it is always difficult to get reporters interested in budget-related issues unless they are linked to a scandal, which in turn is tied to larger problems with mass media in the Philippines. Thus the project did get coverage, particularly of "scandals" that could be generated from its research, but given its size and duration, the project was not able to train large numbers of journalists in depth or to change editorial policy to include more regular reporting of budget issues.

3. Political/institutional changes

The overall goal of the project was to convince national government institutions to respond to CSO monitoring and advocacy by accepting some recommendations of or acting on concerns raised by stakeholders in the national budget. The project exceeded MSI's expectations with regard to effecting changes in policy and public institutions.

The project convinced executive agencies central to the process of national budget monitoring – the Department of Budget Management (DBM) and the Commission on Audit (COA) – to provide more and better information to civil society, more regularly and more frequently. The National Budget Forum on the proposed 2009 budget, held by the network in collaboration with the DBM in September 2008, was a landmark activity in that it was the first time that budget authorities presented the proposed National Budget to a group of stakeholders outside the official presentations done in Congress. The DBM subsequently agreed to conduct this presentation for civil society annually (after the submission of the budget proposal to Congress) in partnership with the Budget Network. The DBM also agreed to include the network in the Public Financial Management Group (PFMG) it created this year at the urging of the World Bank. The PFMG will be developing an agenda of public financial reforms for the next administration. With regard to substantive policy, the DBM withdrew excess expenditure appropriations to agencies in November and December 2008 as a result of the discovery by network members of excess releases in FY 2007 and FY 2008.

The Commission on Audit (COA) also responded to the network's concerns about the lack of availability of budget information. As of August 2008 it has promised to post in the COA website the results of the audits of all agencies of the national government, including government corporations and local government units. In the event such data are not posted, a reference unit has been designated to handle future requests from non-government groups. As of this writing, COA is considering two additional requests of the network: for audit opinions for all government agencies from 1992 to 2007, and for a public presentation of the results of the annual audit, similar to the public presentation of the budget. COA will also include the Budget Network in its regular mailing list. For its part, the network undertook to feed back to COA the results of CSO studies involving budget monitoring.

Other agencies also began to become used to CSO budget monitoring, and network members, including journalists, reported easier access to agencies in many respects in part because they were more capable of researching budget issues. So, for example, the Dept. of Agriculture Budget Division committed to provide budget breakdowns by regions regularly. COMELEC was relatively resistant to outside scrutiny of its budget, but the project did appear to represent the first time a third party/CSO was allowed to study COMELEC budget processes (albeit in a limited manner). CSOs participating in the project identified an important tactic

for accessing executive department budget information: to explain that if CSOs had a better understanding of a given agency's budget, they could help to advocate for more funding. Without such transparency, however, they could not build a relationship of trust that would enable them to advocate on the agency's behalf.

IPD's work under the project highlights the important fact that sound budgeting rules do operate within the Philippine government, for example, the NEDA IFF rules. One tactic for improving budget accountability and transparency, therefore, is to advocate for the extension of such pre-existing "norms" to more areas, to reduce discretion and arbitrariness in the release of funds. IPD's work also revealed the extent to which local government officials are a potentially major constituency for more transparent, accountable national level budget and expenditure.

Members of the legislature, in both Houses, were highly receptive to the project's efforts, and the network clearly addressed pent up demand for unbiased, sound budget analysis among legislators and their staff. The project team and network members worked assiduously to cultivate legislators' support for greater budget transparency by providing technical assistance – in the form of briefings and position papers – through the life of the project, in "a low key but intensive way" according to the Project Coordinator. Legislators and/or their staff were also invited to most project activities, including training workshops and network events. Thus project partners provided analysis developed under the project to legislators who in turn brought up the issues in hearings, for example, Representative Hontiveros regarding CARP, and Senator Aquino regarding overspending and lump sums in the DA budget. The Project Coordinator and other members of the network also served as resource persons in hearings, for example, regarding budget reform bills.

In return, legislative staff would help network members get information when they encountered problems getting it themselves from executive agencies, and the Chair of the House Appropriations Committee presented the approved budget at a network event.

As a result of the project team's and partners' advisory assistance, the project successfully influenced a number of pieces of legislation directly related to the improvement of national budget processes. These include:

- House Bill 5580, Impoundment Control Act of 2008, filed by Rep. Teofisto Guingona III;
- Senate Bill 2995 (Budget Impoundment Control Act of 2009);
- Senate Bill 2996 (Budget Reform Act of 2009) filed by Senator Mar Roxas;
- House Bills 06030 & 06031 (An Act Prescribing Reforms in National Government Budgeting, Amending for these Purposes Pertinent Provisions Of Book VI of Executive Order 292, otherwise known as the Revised Administrative Code of 1987, and providing for other related purposes) filed by Rep. Joseph Abaya;
- House Bill 06027 (An Act Defining The Concept of Savings and Regulating the Process of Augmentation by the President in Implementation of Article VI, Section 25 (5) of the Constitution) filed by Rep. Risa Hontiveros-Baraquel;
- Three key provisions proposed in Joint Resolution No. 4 on the Salary Standardization Law 3 (SSL3). These pertained to:
 - regular reporting and disclosure of the compensation structure of SSL-exempt agencies and corporations;
 - employment of the SSL3 for SSL-exempt agencies that are not yet implementing superior compensation scheme; and

- approval of the President in the increase of salaries for SSL-exempt agencies upon the recommendation of DBM.

CODE-NGO succeeded in re-introducing a “Right to Information” provision in the General Appropriations Act through the office of Senator Mar Roxas (after it had been removed by the President). The provision was modified, however, through the President’s veto message which asserted that every government office “has the inherent right to control its daily operations and, thus, may regulate the manner by which the public can inspect, examine or copy and [sic] public record.”

Generally, the project encouraged members of Congress to monitor the timeliness of the annual budget approval process, and consider better implementation of Congressional budget oversight functions – two important issues that have emerged in recent years.

Another set of important results under this heading is the identification and clarification of key weaknesses in national budget accountability processes. While not all of these could be addressed more than partially during the life of the project, project research on these issues points the way to more strategic work on budget accountability and transparency moving forward.

The project generally threw light upon how hard it is for citizens to get data on the national budget, and how non-systematic the provision of information is. The barriers within government to obtaining information were a mixture of lack of knowledge of what can/should be released and about where data is, a lack of resources to respond to requests for information (in terms of time and materials like photocopying supplies), as well as in some cases an active desire to obscure problems.

But the project also sought to identify priority areas for reform and offer constructive solutions. For example, the “Power of the Purse” paper clarifies ways in which executive abuses of budget powers combine with the weakness of Congress in exercising its own budget oversight powers to negative effect. The legislature and particular individual executive agencies like DPWH have traditionally been the “whipping boys,” in the words of one network member, of budget monitors¹. The project’s focus on the executive provides important balance and a more complete picture of the DG implications of national budget processes.

Project-funded research also pointed to the importance of reexamining the state of implementation of the Local Government Code (LGC) of 1991 through the lens of national budget processes. Devolution has been stalled or perhaps even reversed in some ways, largely as part of the process of political deal making. While the project deliberately avoided looking at local government budgeting, grant-funded research by IPD serves as a reminder of the importance of the national budget for local government units.

Similarly, Ateneo’s report on COMELEC provides a powerful argument for providing the Commission with more autonomy from the Office of the President, Senate and House, balanced by the establishment of meaningful mechanisms to ensure budget accountability. The report also reveals the how the disconnection of COMELEC local offices from the national office may lead to an over-reliance by the former on Local Government Units (LGUs), compromising their independence.

The project identified a number of budget items suffering from an absence of clear rules governing their levels, release and documentation, all with significance for government accountability and Philippine development. These include lump sum appropriations, off-budget accounts and government corporations, as well as many line items intended for the local government level. Lump sum appropriations in the annual

¹ The 2009 budget in fact removed the formal right of legislators to be consulted on when or whether pork barrel funds would be released, shifting the balance of power between the two branches of government towards the executive.

budget proposal, for example, have expanded in recent years, with the 2009 budget including at least P50 billion in new lump-sum funds for crisis response alone.

Among the many constructive recommendations for reform generated by the project, the network paper on COA stands out as a possible set of first steps. It contains detailed, practicable changes that can be made at the Commission to improve public audit functions.

4. Conclusion

In conclusion, MSI believes that the Philippines National Budget Monitoring Project spurred significant strides in the appreciation of the importance of national budget monitoring among CSOs and legislators, as well as in the awareness of the rights of CSOs to monitor the budget among executive agencies, for relatively modest level of inputs.

The project's timing was excellent. Project results show that it responded to pent up demand for better understanding and accountability of national budget processes. The project was able to crystallize inchoate thinking about the need for more and better budget monitoring, and to provide a structure for the development of monitoring capabilities and processes. As a result groups and individuals touched by the project, along with their publications and presentations, demonstrate deep buy-in to the idea of the importance of budget monitoring and analysis.

Because project stressed sound research, rather than "opposition" and advocacy, it quickly gained the respect of a variety of parties, including legislators and investigative journalists, and in turn built demand for its expertise. It has established a base from which donors and activists can build an array of strategic activities to increase the accountability, transparency of the national budget and of the Philippine government more generally.

III. RECOMMENDATIONS FOR FUTURE USAID SUPPORT

A. ON-GOING CHALLENGES TO NATIONAL BUDGET MONITORING IN THE PHILIPPINES

MSI strongly supports the efforts of the Budget Network to obtain funds directly from USAID and other donors. This section summarizes some of the major challenges to national budget monitoring in the Philippines, based on project research. It then recommends priority activity areas for future support and programming approaches, based on MSI's experience under the project.

Project-supported research and experience point to the following on-going issues facing civil society monitoring of the national budget:

- Access to national budget information is generally difficult. While extensive data on the national budget exist, there is a lack of transparency on the nature and content of the national budget at all levels of the budget process. The proposed national budget is accessible to the public, but once the budget is approved, only information contained in the General Appropriations Act is available. The non-availability of public-friendly information is due to technical, political and other reasons, including:
 - While a wealth of information exists at the agency level on the national budget, such data cannot be readily disseminated due to the absence of a well-functioning, integrated financial management information system in the government that links all components of financial management, from budget planning to accountability. Such a system is being developed but is in its infancy and needs strong support.
 - Deliberate withholding of budget information, often on the pretext of safeguarding national security. This has increased since FY 2007, when the executive clamped down on the release of information in reaction to charges of high-level corruption in the wake of the scandal engendered by the failed procurement of the national broadband network project. Government employees now tend to decline to release information in the absence of explicit approval from high-level officials. It is expected that this problem will lessen under a new administration, but it warrants deliberate effort to roll back.
 - Government officials' lack of knowledge of what information they can and should release legally, and a purported lack of resources to make information readily available.
 - All these challenges tend to encourage reliance by non-government organizations seeking information on personal contacts and building relationships in government. While contacts will remain important, there is need to continue to develop more automatic, reliable, replicable mechanisms for getting information.
- Frequent delays in the passage of the annual General Appropriations Act by Congress, or the failure to pass the GAA entirely, creating a "reenacted budget" scenario where the previous year's budget is considered authorized for the second year in a row. This reenacted budget situation delays many planned development activities of government and effectively hands over to the President legislative powers to appropriate, subject to the last-approved budget provisions, by way of Congressional default.

- The frequent use of the national budget as a political tool to attract political support or dissuade political dissent, as exemplified by the refusal of the Executive Branch to release funds allocated to specific Congressional districts represented by the political opposition.
- Lack of rules and transparency governing many national budget line items, such as lump sum appropriations, off-budget accounts and disbursements to LGUs.
- Gaps in public audit functions and audit agencies.
- A general lack of public interest in or appreciation of the national budget as a major public policy document that is reflected in the cursory treatment of budget issues in the media, except for instances involving misuse of public funds or similar corruption issues.

The government has, however, embarked on a serious effort at reforming the budget system over the past ten years with the introduction of Public Expenditure Management (PEM) principles and tools towards improving budget plans, programs, processes and information systems. And as discussed in the previous section, legislative and civil society interest in budget monitoring and improved public financial management systems is growing.

B. KEY ACTIVITY AREAS

Based on its experience with the project, plans that the network has itself articulated regarding the future, and end-of-project interviews with key stakeholders, MSI recommends the following array of activities be supported. Ideally, they should all be funded, as together they build the attractiveness of the network to both members and “clients” and thus its sustainability.

1. Core network research. Network members will tend individually to focus on particular sectors and/or their counterpart agencies, for many good reasons. Concrete incentives to look at larger-than-sectoral budget issues are limited. Support should therefore be provided for analysis of the national budget overall, such as the annual budget analysis the network would like to conduct.
2. Grants and fellowships for applied budget monitoring:
 - a. A targeted small grants program can have several results, as the project demonstrates: it produces information of use to real-world constituencies, it builds capacity, and it can spread impact way beyond ability of network directly to do so.
 - b. Donors should also consider support for fellowships for applied budget research. Fellowships can: serve as another incentive to keep a focus above the sectoral level; enable overtaxed CSOs to conduct more detailed research; and enable the network to engage more journalists in a sustained manner.
3. Information repository. The network would like to create a database of information on the national budget. Support for this idea should be considered. But it will be equally important to set up a means to store and make accessible useful information quickly, easily and attractively, as via a well designed website. The universe of information includes substantive budget information/ research/ analysis, links to information sources (inside government and outside), and guidance on how to get data. Information should be presented with all possible audiences in mind – donors, legislators, local officials and others, as well as CSOs. By the same token, it will be important to encourage and support the network to do a better job of pushing information out, as well as ensuring that it is actively collected, clearly presented and up-to-date. This includes findings ways to increase traffic on the network’s website at low cost, and providing funds for the roll out of significant products.

4. Advocacy of key structural changes, such as a Freedom of Information Act (FOIA), transparency measures by DBM, reforms at COA, etc. Again, members will tend to prioritize reforms associated with their sectors, so the network is a potentially important home for cross-sectoral efforts. Network members also noted that joint advocacy campaigns will help knit the organization more tightly, provided they do not run against members' own campaigns.
5. Training mechanism. Those organizations already trained will require refresher and specialized training, new network members will need basic training. As impressive as the changes registered by the self-assessment test were, the results also showed how much more capacity remains to be built (see Annex C). Donors should also consider funding exchanges to countries with comparable national budget systems and/or a strong community of organizations engaged in budget monitoring. In the U.S., Philippine CSOs might benefit from state-focused programs, as well as visits to think tanks in Washington DC, as much public budget monitoring occurs at the state level.

In the end-of-project outbrief meeting between Dr. Bevis and Mr. Hougen and COTR Orca, Mr. Hougen suggested that most of the preceding be funded under a program with the network to strengthen overarching and core competencies, but that separate programs might also be developed focused on capacity, analysis and advocacy in particular sectors (where non-DG/EG units of the Mission were interested) and on local government units, given their potential as a constituency for national level reform of budget processes.

C. PROGRAMMING APPROACHES

MSI also suggests a number of approaches to, or programming principles for, continued support for the network and national budget monitoring that cut across the substantive activities described above.

- Network: Let the network grow and structure itself as it chooses, including loosely as it currently prefers to operate, but provide incentives for intra-network collaboration. We suggest a revolving secretariat, at least for a couple of years, to see which organization can host the network in the most effective, efficient and inclusive manner (it not clear that the two current candidates are best qualified to serve as hosts for a variety of reasons).
- Deepen the bench: Ms. Boncodin has been and will continue in the near future to be crucial to the credibility and thus growth and image of the network. But as she herself recognizes, staff need to be recruited and developed to support her, in the near term, and in the medium to long term to enable the network to cultivate an identity that can survive without her.
- Media: Generally, donors should be realistic about what can be achieved – media will always prefer money scandals to analysis of the budget. At the same time, the network and its members must have a media strategy – and invest significant time and resources in developing and implementing it. The network should probably employ a new media specialist to this end (with outreach and IT skills). One aspect of such a strategy will be to emphasize the concrete effects of budget issues on people's daily lives. More specifically and immediately, the network should do more to link to PCIJ to coordinate the two organizations' work on budget monitoring; PCIJ has done extensive work on budget monitoring in collaboration with the CBPP/Intl Budget project, but for reasons that remain unclear was not adequately brought into the network.
- Emerging needs:
 - While the network was wise to focus on opening up DBM and COA, and on engaging legislators, it should be open to engaging new clients, allies and constituencies. These might include, for example, the Congressional Planning and Budget Office (CPBO) and the Senate Legislative Budget Research and Management Office (LBRMO) and Economic Planning Office

- (EPO). Business groups have expressed interest in network activities and should be cultivated as members. LGU officials, as discussed repeatedly above, are potentially an enormous, and powerful, constituency for budget process reform: they will likely welcome training and briefings on national budget monitoring, as well as access to network research products. Finally, the network should consider making a more concerted effort to involve economists in its activities.
- The network should periodically review its substantive foci. It has tended to emphasize the expenditure end of the budget process, for example. Missing so far from its agenda have been the revenue side of budgeting, macro-economic impact, and fiscal policy-making. While these may be addressed by academics and other organizations, it would strengthen the network’s image as a “go to” source of information if links were established (see preceding point about involving economists more in the network).
 - Finally, the network should keep abreast of potential competition. The emergence of competition in only the last year is generally an indicator of the timeliness of the project and the demand for network services, but it should be monitored. The most obvious existing example is Center for National Budget Legislation (CBNL), a for-profit consulting firm formed by former legislative staff. Having published a well-received book on the national budget, it is now exploring becoming a non-profit.

ANNEX A: SUMMARY OF PROGRESS – CUMULATIVE – ACCORDING TO THE WORK PLAN BY RESULTS

	Year 1				Year 2			
	Q1 (Nov-Dec 07)	Q2 (Jan-Mar 08)	Q3 (Apr-Jun 08)	Q4 (Jul-Sep 08)	Q5 (Oct-Dec 08)	Q6 (Jan-Mar 09)	Q7 (Apr-Jun 09)	Q8 (July 09)
Goal: National government institutions respond to NGO monitoring & advocacy by accepting some recommendations and/or acting on concerns raised								
Indicator: Positive changes made by government entities (executive, legislative and/or judicial)								
Project activities and outputs:								
CSO advocacy improved by:								
training & technical assistance in budget knowledge and skills CSOs will receive training not only on understanding the national budget but on how better to advocate for changes in its content and to budget processes. They will also receive individualized technical assistance from international and Filipino experts on these topics.			✓	✓	✓	✓	✓ (TA only)	✓ (TA)
better coordination among CSOs CSO advocacy will be strengthened by joint effort, facilitated by the network set up under the project and its regular meetings and other communication.		✓	✓	✓	✓	✓	✓	✓
the availability of better/more budget information CSO advocacy will be based on more timely,		✓	✓	✓	✓	✓	✓	✓

	Year 1				Year 2			
	Q1 (Nov-Dec 07)	Q2 (Jan-Mar 08)	Q3 (Apr-Jun 08)	Q4 (Jul-Sep 08)	Q5 (Oct-Dec 08)	Q6 (Jan-Mar 09)	Q7 (Apr-Jun 09)	Q8 (July 09)
accurate, well analyzed information available from the project website, training materials, and studies generated under project grants, training exercises and network efforts.								
CSOs conduct budget-related advocacy with project grant support (if proposals approved) The project will make funds available for particular advocacy efforts under its small grants program.			✓ Grants awarded	✓	✓	✓	✓	✓
Sub-goal: More information available to Philippines citizens on the national budget process & content								
Indicator: # articles or broadcasts in the media produced by journalists trained in the program and/or receiving sub-grants								
Project activities and outputs:								
Journalists trained The training component of the project will include at least one session specially designed for journalists, and each trainee will be expected to produce a product as part of the training.			✓	-- Specialized training for journalists not yet held, but journalists attending other training sessions.	-- Moved to Year 2 Q2	✓		

	Year 1				Year 2			
	Q1 (Nov-Dec 07)	Q2 (Jan-Mar 08)	Q3 (Apr-Jun 08)	Q4 (Jul-Sep 08)	Q5 (Oct-Dec 08)	Q6 (Jan-Mar 09)	Q7 (Apr-Jun 09)	Q8 (July 09)
<p>Media organizations receive grants for budget-related investigation & analysis (if proposals approved).</p> <p>The small grants component of the project will also be open to journalists and media organizations to do reporting and analysis on the national budget.</p>			Media orgs/ journalists did not apply	Project team considering how to compensate for absence of media grants	-- Project team reached journalists through regular and media trainings, network meetings, forums, special briefings			
<p>Indicator: Scorecard for qualitative improvements in CSO budget monitoring</p> <p>Project activities and outputs:</p>								
CSOs members/staff trained			✓	✓	✓			
CSOs interested in developing their capacity to monitor the national budget will be trained in a series of seminars under the project. Training sessions will include at least one and possibly two basic seminars as well as seminars on important budget topics or particular aspects of monitoring. Training is expected to help CSOs to develop their capacity to prepare and issue useful, accurate analysis of the budget in a timely and more regular fashion.								

	Year 1				Year 2			
	Q1 (Nov-Dec 07)	Q2 (Jan-Mar 08)	Q3 (Apr-Jun 08)	Q4 (Jul-Sep 08)	Q5 (Oct-Dec 08)	Q6 (Jan-Mar 09)	Q7 (Apr-Jun 09)	Q8 (July 09)
CSO members/staff involved in network		✓	✓	✓	✓	✓	✓	✓
Participation in the network of CSOs interested in national budget monitoring to be developed under the project will enable CSOs to share information and other resources, and to learn from each other. The network itself is expected to produce several publications and events related to the budget, directly adding to the store of information on it.								
CSOs receive TA Beyond training, CSOs will receive customized technical assistance from international and Philippine experts to improve their budget monitoring capacity.			✓	✓	✓	✓	✓	✓
CSOs implement grants for budget monitoring activities The project will make funds available for timely, practical, innovative activities related to national budget monitoring under its small grants program.			✓	✓	✓	✓	✓	✓
Indicator: Public and CSOs are accessing "BudgetWatch" website Project activities and outputs:								
Existing sources of information on budget (government & CSO) mapped & made available on web Subcontractor INCITEGov, with Project Coordinator Emy Boncodin, will develop a list of all organizations doing national budget		✓	✓	✓	✓	✓	✓	✓

	Year 1				Year 2			
	Q1 (Nov-Dec 07)	Q2 (Jan-Mar 08)	Q3 (Apr-Jun 08)	Q4 (Jul-Sep 08)	Q5 (Oct-Dec 08)	Q6 (Jan-Mar 09)	Q7 (Apr-Jun 09)	Q8 (July 09)
monitoring, based on a clear definition of and set of categories for what constitutes relevant activities, and a list of all government sources of budget information (executive & legislative), and they will assess the amount, quality (clarity, comprehensiveness) and timeliness of budget information currently available. INCITEGov will then make that information available in accessible form through the project-supported website.								
Website functioning & regularly updated INCITEGov will ensure that the website is functioning and updated on a regular basis.		✓	✓	✓	✓	✓	✓	✓
Result 1: National budget monitoring by CSOs enhanced								
Indicators: I.1: # groups actively and consistently involved in national budget monitoring I.2: # groups doing periodic budget monitoring in areas of interest I.3: # products produced by groups the project is targeting I.4: # events related to budget monitoring held by groups the project is targeting Project activities and outputs:								
CSO needs in budget monitoring assessed INCITEGov will conduct a needs assessment of CSOs concerned with national budget monitoring. This will include a qualitative		✓						

	Year 1				Year 2			
	Q1 (Nov-Dec 07)	Q2 (Jan-Mar 08)	Q3 (Apr-Jun 08)	Q4 (Jul-Sep 08)	Q5 (Oct-Dec 08)	Q6 (Jan-Mar 09)	Q7 (Apr-Jun 09)	Q8 (July 09)
review of monitoring efforts to date as well as self-reporting on capacities and weaknesses organizations would like to address. As well as examining organizations already doing national budget monitoring, this assessment will also determine whether there are CSOs that would like to engage in national budget monitoring and could potentially do so, and discuss what skills or capacity would enable them to become involved in monitoring. The results will form the basis for the design of the training component of the project.								
CSOs members/staff trained CSOs interested in developing their capacity to monitor the national budget will be trained in a series of seminars under the project (a total of five). Training sessions will include one or two basic seminars followed by seminars on important budget topics or particular aspects of monitoring. The objectives of the training are to develop trainees' knowledge of the processes of budget development and adoption, through disbursement and implementation; skills in analyzing budget content; ability to organize and communicate analyses in ways that the public and key stakeholders can understand; and skills to conduct effective advocacy related to budget issues.			✓	✓	✓			
CSO members/staff involved in network Participation in the network of CSOs interested in national budget monitoring to be developed		✓	✓	✓	✓	✓	✓	✓

	Year 1				Year 2			
	Q1 (Nov-Dec 07)	Q2 (Jan-Mar 08)	Q3 (Apr-Jun 08)	Q4 (Jul-Sep 08)	Q5 (Oct-Dec 08)	Q6 (Jan-Mar 09)	Q7 (Apr-Jun 09)	Q8 (July 09)
under the project will enable CSOs to share information and other resources, learn from each other, and collaborate on joint efforts.								
CSOs receive TA Beyond training, CSOs will receive customized technical assistance from international and Filipino experts to improve their budget monitoring capacity.			✓	✓	✓	✓	✓	✓
CSOs implement grants The project will make funds available for timely, practical, innovative activities related to national budget monitoring under its small grants program.			✓	✓	✓	✓	✓	✓
Result 2: Greater coordination among CSOs concerned with the national budget								
Indicators: 2.1: Active network of budget monitoring CSOs functioning 2.2: # joint analyses produced by network members 2.3: # joint network meetings held 2.4: network listserv functioning 2.5: website functioning Project activities and outputs:								
Structure & initial membership of network determined INCITEGov, with Project Coordinator Emy Boncodin, will define a mandate, objectives,			✓					

	Year 1				Year 2			
	Q1 (Nov-Dec 07)	Q2 (Jan-Mar 08)	Q3 (Apr-Jun 08)	Q4 (Jul-Sep 08)	Q5 (Oct-Dec 08)	Q6 (Jan-Mar 09)	Q7 (Apr-Jun 09)	Q8 (July 09)
structure and membership for the “BudgetWatch” network. It will do this in consultation with interested CSOs, particularly through the needs assessment process.								
Initial planning meeting held INCITEGov will develop the structure of the network in a participatory fashion with organizations conducting or interested in conducting national budget monitoring and with selected users of such information.		✓						
Network meetings held INCITEGov will convene regular meetings of the network.			✓	✓	✓	✓	✓	✓
Network events developed & held INCITEGov will facilitate the development of and provide logistical support for network activities/events, such as media briefings or candidate forums.			-- Start delayed to Q4	✓	✓	✓	✓	✓
Network products developed & published INCITEGov will facilitate the development of and provide logistical support for joint research and publications by the network.			-- Delayed to Q4	✓ Products in development although not yet published	✓ Products still in development	✓ Products in development	✓	✓
Result 3: Capacity of CSOs to monitor & analyze the national budget improved								
Indicators:								

	Year 1				Year 2			
	Q1 (Nov-Dec 07)	Q2 (Jan-Mar 08)	Q3 (Apr-Jun 08)	Q4 (Jul-Sep 08)	Q5 (Oct-Dec 08)	Q6 (Jan-Mar 09)	Q7 (Apr-Jun 09)	Q8 (July 09)
<p>3.1: # training sessions held</p> <p>3.2: # NGOs participating in training and # participants</p> <p>3.3: # journalists participating in the training</p> <p>3.4: Guide to national budget process & content published & readily available</p> <p>Project activities and outputs:</p>								
Overall training plan developed		✓						
LSIG will develop an overall training plan using data gathered by the needs assessment undertaken by INCITEGov. This plan will broadly outline the content of each seminar/workshop, and identify those workshops and subject areas in which international experts are desired. LSIG will then develop more detailed modules for each seminar/workshop. LSIG will work with Ms. Emilia T. Boncodin, the in-country Project Coordinator to develop the curriculum of all seminar/workshops.								
At least one training seminar/workshop, and possibly two, depending on demand, will cover basic matters: the national budget process and national policies as they are embodied in the budget (i.e., budget content). Training on the process will demonstrate at what point in the process it is effective to intervene, how to intervene, and on what kinds of issues, and include practical exercises. Training on content will cover macro analysis and selected								

	Year 1				Year 2			
	Q1 (Nov-Dec 07)	Q2 (Jan-Mar 08)	Q3 (Apr-Jun 08)	Q4 (Jul-Sep 08)	Q5 (Oct-Dec 08)	Q6 (Jan-Mar 09)	Q7 (Apr-Jun 09)	Q8 (July 09)
contemporary issues.								
The remainder of the training sessions will address the particular needs of organizations sending staff for training and/or current issues related to the national budget. At least one seminar/workshop will be designed and conducted exclusively for journalists.								
The basic seminar/workshop will last approximately four days; those on special topics will last approximately two days. Sessions for journalists may have to be broken into short sessions to improve the chances that journalists can take part. The number of participants in each seminar/workshop will range from 15 to 24, and participants will be expected to take the basic seminar before participating in any "advanced" sessions.								
<p>Training 1</p> <p>For each seminar/workshop, LSIG will: develop the training module; identify and arrange for local trainers; identify needs for international trainers and communicate these needs to MSI; publicize the training program; invite participants; develop and assemble background materials and teaching aids; design and administer pre- and post-tests, and evaluation forms; and handle all logistics associated with the training</p>			✓					
Training 2			-- Delayed to early in Q4	✓				

	Year 1				Year 2			
	Q1 (Nov-Dec 07)	Q2 (Jan-Mar 08)	Q3 (Apr-Jun 08)	Q4 (Jul-Sep 08)	Q5 (Oct-Dec 08)	Q6 (Jan-Mar 09)	Q7 (Apr-Jun 09)	Q8 (July 09)
Training 3				✓				
Training 4					✓			
Training 5					-- Training for journalists moved from year 2 Q1 to Q2	✓		
Guide to national budget process & content prepared Project Coordinator Boncodin will prepare a paper on the Philippines' national budget process and the contents of the budget.			✓					
Technical assistance provided Project Coordinator Boncodin and other local experts and the international trainers will provide customized technical assistance to organizations participating in the training and network.			✓	✓	✓	✓	✓	✓
Subgrant activities conducted MSI will provide a small number of sub-grants to organizations that are receiving TA and training and participating in the network to undertake practical, innovative and timely activities to investigate aspects of the national budget process, explain them in readily understood terms, and disseminate this information.			✓	✓	✓	✓	✓	✓

ANNEX B: CUMULATIVE RESULTS PER PMP

Indicator	Baseline and Target	Accomplishments
Goal: National institutions respond to NGO monitoring and advocacy by accepting some recommendations and/or acting on concerns raised relative to the national budget.		
Positive changes made by government entities (executive, legislative and/or judicial)	Baseline : zero. Target: 6 Mod. target: 8	See Annex B.I. for detailed list of changes. Target met or exceeded.
Sub-goal: More information available to Philippine citizens on the national budget process and content		
# of articles or broadcasts in the media produced by journalists trained in the program and/or receiving subgrants	Baseline: TBD Target: minimum 1 per journalist (minimum 15 total) Mod. target: 18	<ul style="list-style-type: none"> • 4 major articles produced <ul style="list-style-type: none"> – Philippine Daily Inquirer, Graft Due to Palace “Holding the Power of the Purse” – Manila Bulletin, Budget Reforms – Sun Star Cebu, Power of the Purse tackled: Multisectoral forum calls for more transparency, accountability in national budget spending – Vera Files, Budget issues compromise Comelec independence, says study • 2 nationwide radio interview with the 2 biggest radio stations on the Salary Standardization Law • 1 Major TV coverage: GMA 7 featured a poll automation conference by ASOG that unveiled the machines of Smartmatic-TIM that will be used in the 2010 elections <p>Total > 13/15 if subgrantee articles included</p>
Scorecard for a qualitative review of budget monitoring products/activities according to set criteria demonstrates high quality, relevant monitoring	Average score on a score card which includes <ul style="list-style-type: none"> • Timeliness of product release/event (within one week of occurrence of subject of product) (0 point 	<ul style="list-style-type: none"> • All products timely • Products provide supporting evidence; • Minimal mistakes. <p>Scorecard not used.</p>

Indicator	Baseline and Target	Accomplishments
	<p>for not timely, 2 points for somewhat timely, 5 points for release within one week)</p> <ul style="list-style-type: none"> • Thoroughness (providing sufficient evidence, typically at least 2 sources per point, to support argument) (0 point for inadequate, 2 points for reasonably thorough, 5 points for very thorough) • Accuracy (i.e. based on facts). (0 point for several mistakes or one major mistake, 2 points for 1-2 minor mistakes, 5 points for completely accurate) <p>Total possible points 15 per product or event. Scores will be totaled and then divided by the number of events/ products to produce an average score.</p> <p>Baseline: n/a since limited monitoring is currently underway.</p> <p>Target: Average score of 12 Mod. target: 13</p>	
Public and NGOs are accessing the website	<p>Baseline: 0 (website will be established under the project)</p> <p>Target: Hits will show an increase over the life of the project; target TBD.</p>	<p>PNBMP website: 4,576 hits recorded during the quarter;</p> <p>INCITEGov/ Budget Accountability website: 1,759 hits recorded during the quarter</p> <p>Upward trend over life of project.</p>

Indicator	Baseline and Target	Accomplishments
	Mod. target: unchanged.	Target not set.
Result 1: National budget monitoring by CSOs enhanced		
1.1: # of groups actively and consistently involved in national budget monitoring	Baseline and target in development; based on needs assessment conducted by INCITEGov. Mod. target: unchanged.	17 civil society federations. Most active are: ASOG, CODE-NGO, PhilDHRRA, PHILSSA, IPD, TAN , NCPAG-UP, FDC, FINEX, MBC, LSIG, Partido Kalikasan, World Vision, Newsbreak, PCIJ, CCJD. Baseline not clearly established; target effectively number of groups in network.
1.2: # of groups doing periodic budget monitoring in areas of interest		This indicator dropped due to lack of strong utility and problems in distinguishing from previous.
1.3: # of products produced by groups the project is targeting	Baseline: 0 Target: minimum 10 Mod. target: 15	<ul style="list-style-type: none"> • 9 reports issued by subgrantees (ASOG, CODE-NGO, IPD, PhilDHRRA, PHILSSA) • 3 policy briefs/notes published by subgrantees (CODE-NGO, PhilDHRRA, PHILSSA) • 1 manual published by subgrantee (PHILSSA) Total > 27/15
1.4: # of events related to budget monitoring held by groups the project is targeting	Baseline: 0 Target: minimum 5 Mod. target: 30	<ul style="list-style-type: none"> • 1 National Forum on DA's Budget (CODE-NGO) • 1 Public Presentation of G-Watch's Tracking and Documentation of COMELEC's Budget Process • 1 Regional Evaluation Forum by subgrantee (CODE-NGO) • 1 National Conference-Dialogue on non-patronage delivery of municipal and city services (IPD) • 1 Local Customization Workshop on performance-based financing (IPD) • 1 National Conference on Enhancing the Accountability of Philippine Electoral Administration (ASOG) • 1 roundtable discussion presenting the results and policy note of the DARBM Project, particularly on the proper monitoring of the CARP Budget (PhilDHRRA)

Indicator	Baseline and Target	Accomplishments
		<ul style="list-style-type: none"> 4 regional launches (NCR, Bicol, Davao and Cebu) of the Campaign for Budget Monitoring and the draft policy brief and manual on National Budget on Social Housing (PHILSSA) Total > 35/30
1.5: Score on the Capacity of Applied Budget Work Assessment	<p>Definition: Total score on Core Competencies in Applied Budget Work Assessment. Core competencies include budget preparation, budget process, budget legislation, budget execution, control and accountability and budget execution. This is a self-assessment tool.</p> <p>The information will be presented by institution and overall mean and average score for the entire group.</p> <p>Baseline: information to be provided.</p> <p>Target: the score for organizations, particularly grantees and trainees should increase over time.</p> <p>Mod. target: unchanged.</p>	Self assessment tool re-administered in June 2009; see Annex C.
Result 2: Greater coordination among CSOs concerned with the national budget		
2.1: Active network of budget monitoring CSOs functioning	Baseline: n/a Target: Y Mod. target: unchanged.	Yes
2.2: # of joint analyses produced by network members	Baseline: n/a Target: 5	5 joint analyses completed. Total = 5/5

Indicator	Baseline and Target	Accomplishments
	Mod. target: unchanged.	
2.3: # of joint network meetings held	Baseline: n/a Target: 5 Mod. target: 15	3 network meetings/forum held. Total > 14/15
2.4: network listserve functioning	Baseline: 0/N Target: Y Mod. target: unchanged.	Yes: pnbmp@yahogroups.com .
2.5: website functioning	Baseline: 0/N Target: Y Mod. target: unchanged.	Yes: Website has been functioning and regularly updated with new materials.

Result 3: Capacity of CSOs to monitor and analyze the national budget improved

3.1: # of training sessions held	Baseline: 0 Target: 5 Mod. target: unchanged	Total = 5/5 Sub-grantees also conducted training workshops under their grants.
3.2: # of NGOs participating in training and # of participants	Baseline: 0 Target: minimum 20 Mod. target: unchanged	Participants in Advanced Training workshop (for media): <ul style="list-style-type: none"> • 26 participants • 19 organizations Total # NGOs > 40; total pax = 134 to date.
3.3: # journalists participating in training and # participants	Baseline: 0 Target: minimum 15 individuals from 5 organizations Mod. target: unchanged	Training for journalists held; 11 media organizations attended this training, and more than 15 media practitioners. Media participants have also attended network events and other training workshops.
3.4: Guide to national budget process and content published and readily available	Baseline: N Target: Website version – Y Print version – minimum 45	The Guide to the Philippine National Budget System is available on the website. Hard copies available.

Indicator	Baseline and Target	Accomplishments
	copies Mod. target: unchanged.	

ANNEX B.I.: DETAILED LIST OF POSITIVE CHANGES MADE BY GOVERNMENT

- The Department of Budget and Management agreed to conduct a presentation of the Proposed National Budget before civil society as an annual activity in partnership with the Budget Network.
- The DBM included the network in the Public Financial Management Group (PFMG), created this year at the urging of the World Bank.
- The DBM withdrew excess expenditure appropriations to agencies in November and December 2008 as a result of the discovery by network members of excess releases in FY 2007 and FY 2008.
- The Commission on Audit (COA) has promised to post in the COA website the results of the audits of all agencies of the national government, including government corporations and local government units. In the event such data are not posted, a reference unit has been designated to handle future requests from non-government groups. COA will also include the Budget Network in its regular mailing list.
- COA is considering two additional requests of the network: for audit opinions for all government agencies from 1992 to 2007, and for a public presentation of the results of the annual audit, similar to the public presentation of the budget.
- Other agencies also began to become used to CSO budget monitoring, and network members, including journalists, reported easier access to agencies in many respects; e.g. the Dept. of Agriculture Budget Division committed to provide budget breakdowns by regions regularly.
- Legislators used analysis provided by project partners provided analysis developed in Congressional hearings; e.g. Representative Hontiveros regarding CARP, and Senator Aquino regarding overspending and lump sums in the DA budget. In return, legislative staff would help network members get information when they encountered problems getting it themselves from executive agencies.
- First public presentation of the Chairman of the House Appropriations Committee on the budget approved by Congress.
- Congressional Planning and Budget Office (CPBO) of the House of Representatives adopted the Budget Network study on the Excess Fund Releases in 2007 as part of their briefing materials to members of the House Oversight Committee.
- Senate Finance Committee conducted 2 hearings on Budget Reform Bills filed by 2 Senators with PNBMP Coordinator as resource person.
- As a result of the project team's and partners' advisory assistance, the project successfully influenced a number of pieces of legislation directly related to the improvement of national budget processes. These include:
 - House Bill 5580, Impoundment Control Act of 2008, filed by Rep. Teofisto Guingona III;
 - Senate Bill 2995 (Budget Impoundment Control Act of 2009);

- Senate Bill 2996 (Budget Reform Act of 2009) filed by Senator Mar Roxas;
- House Bills 06030 & 06031 (An Act Prescribing Reforms in National Government Budgeting, Amending for these Purposes Pertinent Provisions Of Book VI of Executive Order 292, otherwise known as the Revised Administrative Code of 1987, and providing for other related purposes) filed by Rep. Joseph Abaya;
- House Bill 06027 (An Act Defining The Concept of Savings and Regulating the Process of Augmentation by the President in Implementation of Article VI, Section 25 (5) of the Constitution) filed by Rep. Risa Hontiveros-Baraquel;
- Three key provisions proposed in Joint Resolution No. 4 on the Salary Standardization Law 3 (SSL3). These pertained to:
 - regular reporting and disclosure of the compensation structure of SSL-exempt agencies and corporations;
 - employment of the SSL3 for SSL-exempt agencies that are not yet implementing superior compensation scheme; and
 - approval of the President in the increase of salaries for SSL-exempt agencies upon the recommendation of DBM.
- A member of the Defense Committee in the House of Representatives has expressed interest in sponsoring the creation of a Legislative Select Committee to oversee confidential and intelligence funds as a result of contact with the project.
- CODE-NGO succeeded in re-introducing a “Right to Information” provision in the General Appropriations Act through the office of Senator Mar Roxas (after it had been removed by the President). The provision was modified, however, through the President’s veto message which asserted that every government office “has the inherent right to control its daily operations and, thus, may regulate the manner by which the public can inspect, examine or copy and [sic] public record.”

ANNEX C: RESULTS OF THE CORE COMPETENCIES IN APPLIED BUDGET WORK PROFICIENCY ASSESSMENT FOR NGOS

Budget Cycle	Core competencies in Budget Monitoring	Pre-project Assessment		Post-Project Assessment	
		Personal Proficiency Level	Organizational Proficiency Level	Personal Proficiency Level	Organizational Proficiency Level
<u>Budget preparation:</u> when the budget plan is put together by the executive branch	Uses an extensive understanding of key national issues known to be under consideration to influence the budget being formulated	54% average to above average proficiency	60% low to no proficiency	55.5% - average to above average proficiency	0% -- low to no proficiency
	Demonstrates knowledge of what a good budget should be to provide inputs and feedback to the process of budget preparation	72% low to no proficiency	70% low to no proficiency	22.22% - low to no proficiency	40% - low to no proficiency
	Demonstrates knowledge of the institutions involved along with the process of budget preparation to find opportunities for advocacy	82% low to no proficiency	60% low to no proficiency	33.33% - low to no proficiency	20% - low to no proficiency
	Establishes informal lines of communication with concerned executive branch officials to gain access to information on the budget	83% low proficiency	50% average to above average proficiency	33.33% - low to no proficiency	40% - low to no proficiency
<u>Budget legislation:</u> when the budget plan may be debated, altered and approved by the legislative branch	Uses an understanding of the legislative processes to engage legislators in budget issues and debate	82% low to no proficiency	60% low to no proficiency	33.33% - low to no proficiency	20% - low to no proficiency
	Demonstrates extensive knowledge of the budget to serve as potential expert witness to comment on budget proposals	73% low to no proficiency	70% low to no proficiency	44.5% - low to no proficiency	40% - low to no proficiency
	Get media coverage for own budget analysis to influence the debate and highlight important issues about the impact of the budget proposals on the poor and on sustained and equitable economic development	82% low to no proficiency	60% low to no proficiency	55.5% - low proficiency	40% - low to no proficiency
<u>Budget execution:</u>	Demonstrates knowledge of existing policies and	90% low to no	70% low to no proficiency	22.22% - low to no	60% - low proficiency

Budget Cycle	Core competencies in Budget Monitoring	Pre-project Assessment		Post-Project Assessment	
		Personal Proficiency Level	Organizational Proficiency Level	Personal Proficiency Level	Organizational Proficiency Level
when policies of the budget are carried out by the government	procedures on budget controls to formulate proposals on budget reforms	proficiency		proficiency	
	Uses an extensive understanding of key budget control issues to formulate proposals on budget reforms	71% low to no proficiency	70% low to no proficiency	44.5% - low to no proficiency	60% - low proficiency
	Uses an extensive understanding of the approved budget to publicly raise concerns when dramatic differences between the allocated and actual budgets do not reflect sound policy	90% low to no proficiency	70% low to no proficiency	66.67% - low to no proficiency	80% - low to no proficiency
	Appraises the quality of spending (based on value-for-money principle) to check if policy goals associated with the budget allocation are being met	100% low to no proficiency	70% low to no proficiency	55.5% - low to no proficiency	80% - low to no proficiency
<u>Control and accountability:</u> when the actual expenditures of the budget are accounted for and assessed for effectiveness	Demonstrates good comprehension of audit report findings to publicize irregularities and spread the information on necessary budget reforms	100% low to no proficiency	70% low to no proficiency	33.33% low to no proficiency	40% - low to no proficiency
	Makes use of special independent assessment reports from reputable think tanks and institutions to publicize key budget and audit issues	82% low to no proficiency	70% low to no proficiency	55.5% - low to no proficiency	40% - low to no proficiency
	Measures the capacity and readiness of the legislative and executive branches to respond appropriately and expediently to audit findings	91% low to no proficiency	70% no proficiency	55.5% - low to no proficiency	80% - low to no proficiency
<u>Budget Communication</u>	Uses an extensive understanding of effective media strategies to attract and maintain public attention on key budget issues	82% low to no proficiency	60% low to no proficiency	77.78% - low to no proficiency	40% - low to no proficiency

ANNEX D: SMALL GRANTS ACTIVITY SUMMARY – APRIL-JULY 2009

CSO GRANTEE	PROJECT TITLE	STATUS
CODE-NGO	Monitoring the Budget of the Department of Agriculture	<ul style="list-style-type: none"> • Co-organized training on social accountability for CSOs engaged in the Food Security Sector with eight participants from the DA Budget Learning and Action Network <ul style="list-style-type: none"> – Presented research findings and recommendations during the training • Participated in focus group discussion with World Bank and Department of Agriculture (DA) on the failed implementation of a World Bank-funded DA program loan • Convened the National Forum on FY 2009 Budget of DA with 28 participants from 22 organizations, with resource persons from DA's Policy and Planning, Budget and Legal Divisions <ul style="list-style-type: none"> – Presentations focused on the priority programs and thrusts, and budget of DA. – The Head of the Legal Division presented the findings on the special audit team created by Sec. Yap to investigate the alleged anomalies in the agency's commodity programs • Meeting with DA's Budget Division Chief on regional budget breakdown of the commodity programs and rate of utilization of the budget by regions. <ul style="list-style-type: none"> – Major result of the meeting was the commitment of the Budget Division Chief to provide detailed budget breakdowns regularly • Conducted Regional Evaluation Forum in Western Visayas/Region VI on issues concerning farmers, the agricultural systems and the vital role of NGOs, POs and DA in addressing such issues, with 23 participants from NGOs, representatives from LGUs and DA • Regional networks' efforts resulted in: <ul style="list-style-type: none"> – Gaining membership in the Regional Agriculture and Fisheries Council of Region V – Regular dialogue with Regions V and VI DA officials – Creation of core groups composed of NGOs and POs, officials from DA regional office in Region XI and CARAGA
PHILDHRRRA	Monitoring the Budget of the Department of	<ul style="list-style-type: none"> • Formulation and publication of policy note on the Department of Agrarian Reform Budget Monitoring (DARBM) Project • Conducted roundtable discussion presenting the results and policy note of the DARBM Project, particularly on the proper

CSO GRANTEE	PROJECT TITLE	STATUS
	Agrarian Reform	<p>monitoring of the CARP Budget, with participants from various NGOs and representatives from the Presidential Agrarian Reform Council (PARC)</p> <ul style="list-style-type: none"> – AR Now! Coordinator presented the policy note and proposed provisions on improving transparency and utilization of the Budget for the DAR/CARP Extension Bill with Reform (CARPer) – Director of the Agrarian Reform Fund Management Service, PARC presented the FY 2009 approved budget for CARP and gave insights on the issues raised
Ateneo School of Government	G-Watch Monitoring and Documentation of Election Budget	<ul style="list-style-type: none"> • Conducted a public presentation of the G-Watch Report on the tracking and documentation of COMELEC’s Budget Process, with officials from COMELEC, NGOs, policy think tanks and academe • Conducted an evaluation workshop to discuss the issues and questions raised on the G-Watch’s public presentation • Meetings with representatives from the Young Public Servants, Youth Vote Philippines and PPCRV to discuss and plan the next phase of the COMELEC Budget Watch (CBW 2.0) Project • Convened a Conference on Enhancing the Accountability of Philippine Electoral Administration with 120 participants from different sectors <ul style="list-style-type: none"> – Prior to the conference, ASOG conducted meetings with various civil society organizations and COMELEC officials to gain inputs and comments on the proposed program design and policy note – During the conference, the Commissioner and the Executive Director of COMELEC provided inputs on the role of the civil society in electoral modernization and COMELEC’s preparations for the 2010 automation
Institute for Political Democracy	Expanding the Scope for Performance-Based Grants	<ul style="list-style-type: none"> • Conducted research and technical consultations for the drafting of a model ordinance that would serve as implementing rules and regulations for accessing grants from national government agencies based on performance in delivering basic services • Convened a national dialogue-conference on non-patronage delivery of municipal and city service, with 70 participants from LGUs nationwide, members of the House of Representatives, representatives from local and international NGOs, academe and Philhealth <ul style="list-style-type: none"> – The major output was a revised draft ordinance on performance-based financing • Meetings with the Director and Engineer of the National Center for Disease Prevention and Control (NCDPC) of DOH focusing on the utilization and access to the Php 1.5 billion President’s water fund • Conducted a local customization conference-workshop in Iloilo City on LGU water district-community partnerships in the delivery of water services, with 72 participants from LGUs, Metro Iloilo Water District, Federation of Binangonan

CSO GRANTEE	PROJECT TITLE	STATUS
		<p>Cooperatives and NGOs</p> <ul style="list-style-type: none"> – Major outputs of the conference-workshop: <ul style="list-style-type: none"> • Commitment of LGU officials to adopt the ordinance on performance-based financing • Participants signed a petition letter addressed to DOH on how to appropriate the Php1.5B water fund
PHILSSA	Monitoring of National Budget for Social Housing	<ul style="list-style-type: none"> • Presentation of the analysis and agenda for social housing budget advocacy during the UP-ALL General Assembly • Continued discussion with urban poor leaders and NGO staff on budget monitoring and pursuit of the agenda developed. • Coordination with Freedom from Debt Coalition on joint advocacy efforts to improve the use of housing funds • Initial discussion of Social Watch Philippines activities related to the Millennium Development Goals and budget monitoring • Setting and firming up of PHILSSA’s Governance and Transparency Program strategies and mechanisms • UP-ALL General Assembly agreed to include the advocacy on Budget Monitoring for Social Housing in the UP-ALL agenda, structure and plans • Conducted regional launch in NCR, Bicol, Davao and Cebu of the: <ul style="list-style-type: none"> – Campaign for Budget Monitoring – Draft policy brief and manual on National Budget on Social Housing • Secured commitments on the Covenant for Good Governance: Bantay Pabahay ng Maralita from the Assistant General Manager of the National Housing Authority (NHA), a member of the House of Representatives, a Councilor of the Presidential Commission for the Urban Poor (PCUP), the LGU of Legazpi, representative from the Housing and Urban Development Coordinating Council, a representative from UN Habitat, and PO leaders from different regions • Publication and dissemination of a primer, policy brief and manual on Socialized Housing Budget Monitoring for civil society organizations

ANNEX E: NETWORK JOINT PUBLICATION 3/5 – “RATIONALIZING PUBLIC SECTOR COMPENSATION”



USAID
FROM THE AMERICAN PEOPLE

RATIONALIZING PUBLIC SECTOR COMPENSATION

JULY 2009

This publication was produced for review by the United States Agency for International Development.

RATIONALIZING PUBLIC SECTOR COMPENSATION



**Management Systems International
Corporate Offices**
600 Water Street, SW
Washington, DC 20024

Contracted under Agreement No. 6043-001-53-14

Philippines National Budget Monitoring Project

This publication is made possible by the generous support of the American people through the United States Agency for International Development (USAID) and Management Systems International (MSI). The contents are the responsibility of INCITEGov and do not necessarily reflect the views of MSI, USAID or the United States Government.

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I. INTRODUCTION

Public sector pay in the Philippines, as in many countries, is governed by law. Monetary as well as non-monetary, benefits received by government employees are based on the approved compensation structure authorized by Congress and implemented by the Department of Budget and Management (DBM).

The pay structure in government started out as a comprehensive pay plan after the end of the Commonwealth period in 1946. Through the years, however, many distortions have been instituted providing exemptions, authorizing different pay structures, and implementing selective benefits to so-called “favorite” agencies. In a study in 1987, the government pay structure was found to have become so complex, confusing and highly distorted. Thus, a utility worker in one government agency performing the same work and requiring similar qualifications and skills showed better benefits than his equivalent in another agency. Agencies considered to be highly influential in the highest policy making units of government were known to have been granted much higher pay scales and benefits than those with less influence for no justifiable reason but sheer use of power. This practice resulted in the fragmentation of the public sector into those that are enjoying relatively better compensation and those paid at the prescribed rates, creating demoralization within the bureaucracy.

II. SALARY STANDARDIZATION POLICY

In 1987, Congress passed R.A. 6748, the Compensation and Position Classification Rationalization Act, also known as the Salary Standardization Law (SSL) to implement the provisions of the Constitution mandating the standardization of public sector pay structures in accordance with the principle of “equal pay for equal work.” R.A. 6748, popularly known as SSL-1 was a landmark legislation of the Aquino Administration as it resolved the most glaring distortions in the government compensation system. Among the best features of the law were a simplified position classification structure, rationalized longevity and merit pay, simplified salary scale, upgrading of salary and the grant of power to the executive power to increase pay.

Without a doubt, R.A. 6748 rationalized the government compensation system and improved the incentive structure within the bureaucracy. The actual implementation of the new law, however, met many challenges, particularly those related to the reduction in the number of Salary Grades. The issues were eventually resolved with greater information dissemination of the new policy, and the creation of a formal appeals mechanism through an Appeals Board that was given final authority to resolve implementation issues.

Simplification of the position classification structure

The position classification structure was simplified to consist of only 33 Salary Grades (SGs) and 8 steps. Salary Grades represent increasing degree of responsibility and complexity of work, with SG-1 as the lowest position level, and SG-33 as the highest position. In the new structure, SG-1 is a Utility Worker position or its equivalent, while SG-33 is the position of the President of the Philippines. Previously, there were over 70 Salary Grades for positions with basically equivalent work responsibilities.

A salary step, on the other hand, reflects changes in the pay rates within the same salary grade on account of length of service, also known as longevity, and merit. Similarly, the steps were reduced to 8 from 10 prior to SSL.

Thus, the salary structure is a 2x2 matrix where rows represent salary grades and columns represent steps. Each cell in the matrix structure has a value equivalent to the worth of the pertinent job responsibility.

Rationalization of Longevity and Merit Pay

Prior to SSL, the policy on longevity pay did not follow any clear standard; thus some agencies were able to bargain for increments in basic pay after 3 years in the position, while others, after 5 years in the position. This basic inequity in the application of policy was corrected when, under the SSL, all incumbents to a position were entitled to an automatic one-step increase in pay after 3 years of continuous service. With 8 steps for the same Salary Grade, an incumbent who remains in the same position will be entitled to a one-step increment in pay every 3 years until he/she reaches the maximum step, Step 8. In addition, employees given an overall performance rating of “outstanding” automatically earns a higher step in the Salary Grade.

Consolidation of existing allowances

Except for certain specific work-related or location-related benefits received by the employees, all other allowances and benefits received by employees were consolidated and integrated in the basic pay scale. The added benefit from such integration is that basic pay increased substantially. Since retirement benefits are calculated based on basic pay, excluding allowances, integration of allowances to the basic pay likewise augmented future retirement benefits of government employees.

Upgrading of compensation rates in the government

SSL-1 upgraded existing pay scales and aligned agencies already enjoying much higher compensation scales to the new structure without actual diminution of salaries. The policy on the general upgrading of government pay was, as expected, very well-received as it significantly increased the pay by an average of 45%, providing a welcome relief from the financial difficulties of government employees. More significant, however, was the fact that it deviated from the usual practice of an “across-the-board” pay increase. Under the new structure, pay increases by Salary Grade considered the general competitiveness of public sector pay with the private sector, the impact of new technology and new skills, the required qualification of personnel assigned to the positions, as well as a more equitable differential between Salary Grades and steps.

Presidential power to grant pay increase

The grant of power to the President to modify government compensation guided by the principles enumerated in the law, without prior authority from Congress. This provision effectively depoliticized the grant of salary adjustments and enabled the Executive Branch to better monitor and penalize agencies deviating from the approved pay scales.

III. POST-SSL DEVELOPMENTS

In 1994, six (6) years after the passage of R.A. 6748, Congress amended the law through the passage of Joint Congressional Resolution No. 1 which recommended the further adjustment in the pay of government employees. The joint resolution preserved the principles and structure prescribed under R.A. 6748 and substantially adopted the policies of the mother law, except for a selective upgrading of the Salary Grade of positions (nurses, judges, among a few others). The major feature of the Joint Resolution, henceforth known as SSL-2, was the doubling of the basic pay for the lowest position in the

civil service. Higher level positions likewise increased but with smaller percentage growth rates. The imposition of a maximum pay, on the highest Salary Grade in the government tied the hands of the Executive Branch to institute a more competitive pay for government personnel, given the resumption of the widening differential of public and private sector pay after the first SSL.

After 1997, when SSL-2 was implemented in full, no further adjustments in pay took place, until FY 2000 when the government implemented a 10% salary increase staggered over 2 years. The 2000 across-the-board percentage increases in salaries threw government back to the old system where uniform across-the-board salary increases were implemented. This system of adjusting the pay is the most politically convenient method but is also the most inequitable. This is because the system fails to account for the realities and nuances of compensation setting and essentially penalizes higher level positions relative to lower level ones. More significantly, a uniform percentage in increase in pay for all Salary Grades reduces the so-called “compression ratio”, which is the ratio of the total pay of the highest level civil servant relative to that of the lowest level. A reasonable compression ratio based on average public sector pay surveys abroad is between 10 to 15 times. In the Philippines, this was only equivalent to about 7 times by 2001. The average compression ratio in the Philippine private sector exceeds 15 times.

Subsequent pay increases likewise adopted the uniform percentage across-the-board scheme, and granted additional fixed amount increases to all positions regardless of Salary Grade. This distorted even more the existing public sector pay schemes, and rendered the pay of supervisory and executive positions in the government highly uncompetitive..

IV. ADDRESSING WEAKNESSES OF THE EXISTING SYSTEM

In 2003, the national government initiated an updating of the SSL to re-rationalize the government compensation system. In the study, the existing weaknesses of the current compensation and position classification system were brought to fore. The same weaknesses already addressed by the first SSL again resurfaced after almost a decade of across-the-board pay increase or no increases at all, especially after the advent of the Asian financial crisis of 1997. Among the major weaknesses were:

1. Non-competitiveness of public sector pay. Comparing basically equivalent positions in public vs. private sector institutions (using published average data from public sector organizations), it is clear that the public sector is highly uncompetitive. Figures 1 and 2 clearly show that private sector outpaces government pay, particularly from senior staff positions up to supervisory and executive levels. From Salary Grades 1 to 12, which represent non-technical or junior technical positions, the pay differential is much lower but is still as high as 40.3% for SG 12. The differential shoots up as one moves up the SG scale. Thus, at SG 24, which is equivalent to a chief of unit at the first supervisory level, the private sector pays 144% more than the government; at SG 28, the equivalent of a middle level supervisor, it is at 300%; and at the CEO level, it is 7 times more than the civil servant’s pay.

FIGURE 1: COMPARISON OF THE EXISTING COMPENSATION IN THE PUBLIC SECTOR VERSUS PRIVATE SECTOR

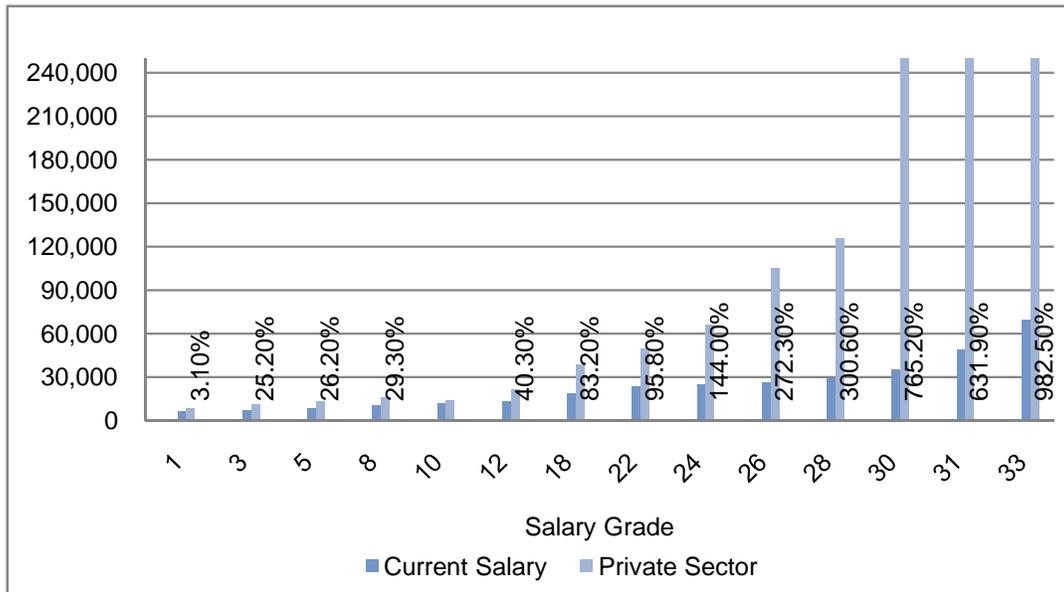
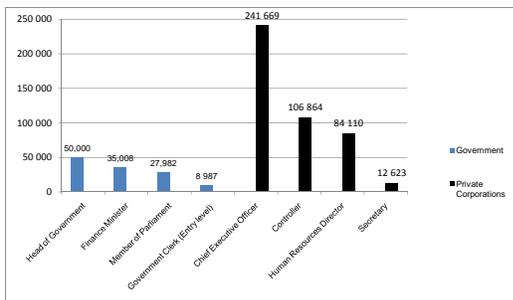


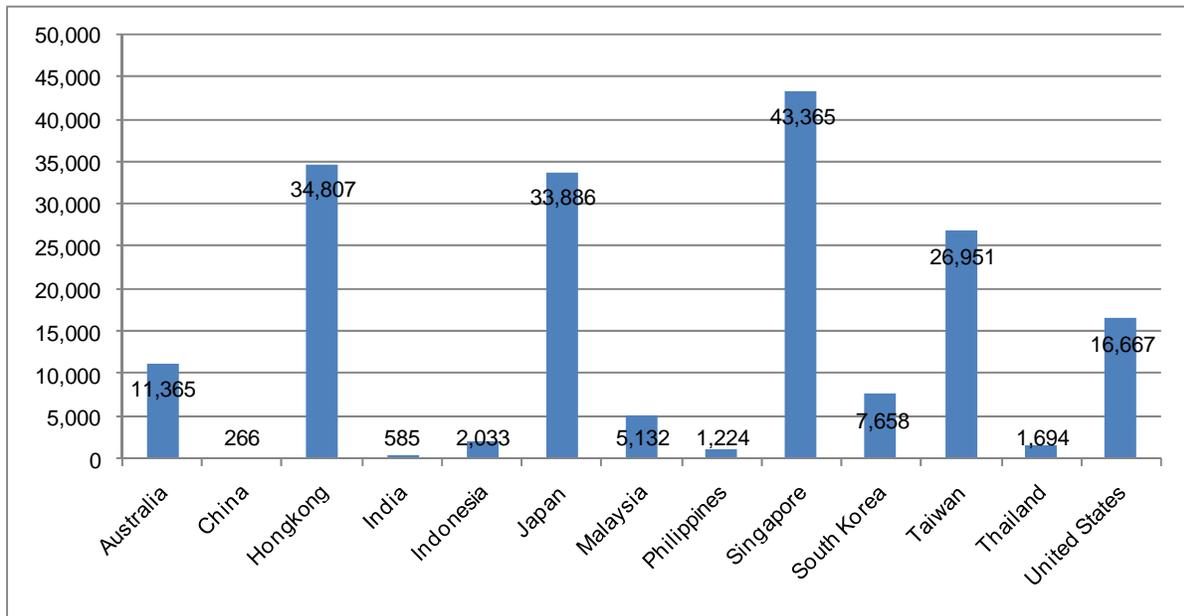
FIGURE 2: COMPARISON OF MONTHLY SALARIES, SELECTED POSITIONS GOVERNMENT VS. PRIVATE CORPORTIONS, PHILLIPINES (IN PHILIPPINE PESOS)



In addition, certain professions are much better paid in the private sector than in the government. Most significant are medical officers, lawyers, airline pilots, accountants, IT experts, and engineers. This, in fact, accounts for the difficulty in filling up positions in the bureaucracy despite the existence of many vacancies. The courts, for one, are unable to fill positions with qualified personnel due to the highly unattractive remuneration package for lawyers in the government.

This sad state of affairs is compounded by international public sector data (Figures 3 and 4). In US dollar terms, other developing countries pay their executives more competitively than the lower level positions, except China and India, which are a league of their own given their aggressive growth prospects. At the entry level, however, the Philippine government is a more generous employer compared to Malaysia, Thailand and Indonesia. This confirms the previous observation on the reduction in the Philippine compensation compression ratio, a trend that needs to be reversed to ensure that government is able to retain honest, highly motivated and competent senior career servants in the bureaucracy.

FIGURE 3: COMPARISON OF MONTHLY SALARIES (IN U.S. DOLLARS) FOR THE POSITION OF HEAD OF GOVERNMENT, PER COUNTRY



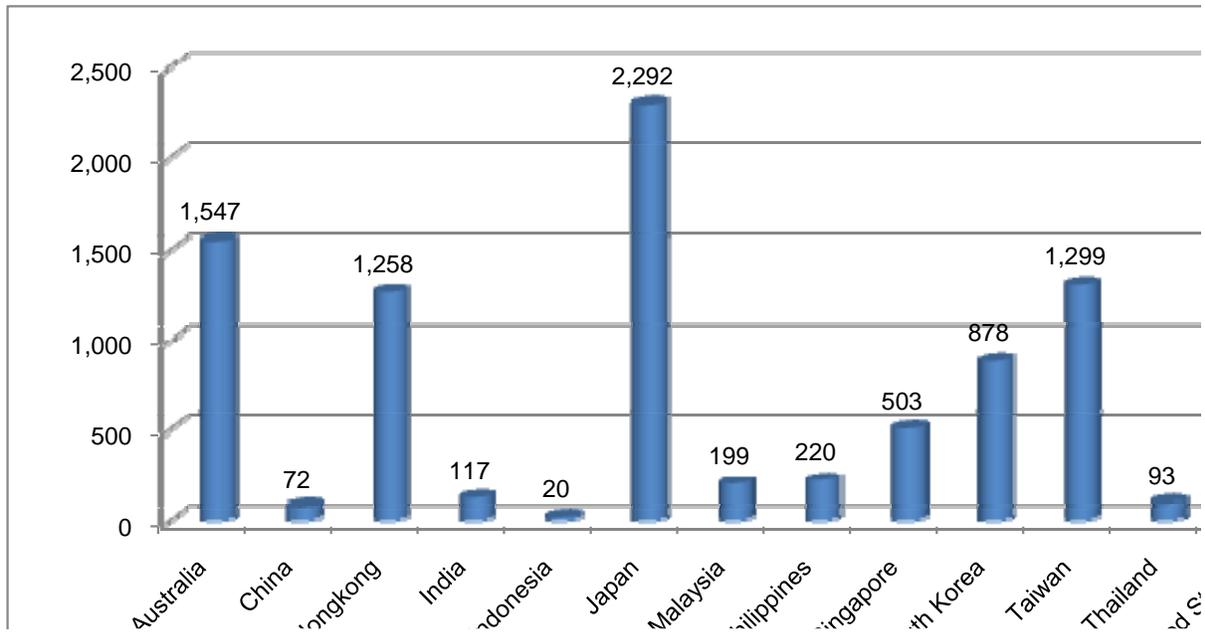


FIGURE 4: COMPARISON OF MONTHLY SALARIES (IN U.S. DOLLARS) FOR THE POSITION OF GOVERNMENT CLERK/ENTRY LEVEL (GOVERNMENT), PER COUNTRY

- Substantial overlaps in salaries between positions. Table 1 shows that due to salary overlaps, incumbents of lower Salary Grades effectively receive higher compensation than those occupying higher SGs. Thus, the 5th to 8th step of a particular SG is generally higher than the first step of the next SG. This arose from the low compression ratio that limited executive pay to lower percentage rate increases. This is highly unfair and leads to problems in the relationships between superiors and subordinates. Moreover, the overlaps effectively resulted in putting a premium on length of stay in a particular position more than the assumption of bigger responsibilities and performance of more complex work.

TABLE I: SALARY SCHEDULE EFFECTIVE JULY 1, 2008 PURSUANT TO EO #719

Salary Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Salary Diff. Between SGs, Step 1	% Salary Diff. Bet. SGs
1	6,149	6,303	6,460	6,622	6,788	6,958	7,131	7,310		
2	6,703	6,871	7,042	7,219	7,398	7,583	7,773	7,968	554	9%
3	7,307	7,489	7,675	7,868	8,063	8,266	8,471	8,684	604	8%
4	7,891	8,087	8,290	8,496	8,710	8,928	9,150	9,379	584	8%
5	8,522	8,735	8,953	9,176	9,406	9,642	9,882	10,130	630	8%
6	9,204	9,434	9,670	9,911	10,160	10,414	10,673	10,941	682	7%
7	9,848	10,092	10,346	10,604	10,870	11,141	11,420	11,707	645	7%
8	10,538	10,801	11,070	11,348	11,630	11,921	12,220	12,525	690	7%
9	11,275	11,557	11,846	12,143	12,446	12,756	13,077	13,401	737	7%
10	12,026	12,328	12,635	12,951	13,275	13,608	13,948	14,297	751	6%
11	12,748	13,066	13,392	13,726	14,071	14,423	14,784	15,151	722	6%
12	13,512	13,850	14,197	14,552	14,915	15,289	15,670	16,061	765	6%

Salary Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Salary Diff. Between SGs, Step 1	% Salary Diff. Bet. SGs
13	14,323	14,682	15,048	15,424	15,809	16,205	16,611	17,025	811	6%
14	15,181	15,562	15,950	16,349	16,758	17,178	17,607	18,046	858	6%
15	16,093	16,494	16,907	17,329	17,763	18,208	18,662	19,130	912	6%
16	17,059	17,484	17,921	18,371	18,829	19,301	19,784	20,277	966	6%
17	18,082	18,534	18,997	19,471	19,961	20,459	20,970	21,494	1,023	6%
18	19,168	19,647	20,138	20,642	21,158	21,685	22,229	22,784	1,086	6%
19	20,318	20,825	21,346	21,880	22,428	22,988	23,562	24,150	1,151	6%
20	21,537	22,075	22,626	23,194	23,773	24,367	24,976	25,601	1,219	6%
21	22,397	22,958	23,532	24,120	24,722	25,340	25,975	26,623	860	4%
22	23,294	23,876	24,473	25,084	25,712	26,355	27,014	27,688	897	4%
23	24,224	24,830	25,453	26,089	26,739	27,409	28,094	28,797	931	4%
24	25,196	25,825	26,472	27,132	27,812	28,506	29,219	29,950	971	4%
25	26,203	26,859	27,529	28,218	28,922	29,646	30,386	31,148	1,008	4%
26	27,250	27,931	28,631	29,346	30,080	30,831	31,603	32,393	1,047	4%
27	28,340	29,050	29,777	30,520	31,282	32,065	32,866	33,689	1,090	4%
28	29,474	30,212	30,967	31,740	32,534	33,347	34,181	35,036	1,134	4%
29	30,653	31,420	32,205	33,010	33,836	34,682	35,549	36,436	1,179	4%
30	34,939	35,813	36,709	37,626	38,566	39,531	40,518	41,530	4,287	14%
31	48,915	50,138	51,390	52,675	53,991	55,342	56,725	58,143	13,976	40%
32	55,902	57,300	58,732	60,201	61,706	63,248	64,830	66,450	6,987	14%
33	69,878								13,976	25%
		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%		

3. Proliferation of Magna Carta benefits to certain positions. Certain positions enjoy better benefits, apart from agencies exempt from the SSL. These positions include science and technology personnel, public school teachers, public health workers and social workers. While the intent of the grant of magna carta benefits is clear, the result is further confusion in pay scales. Furthermore, in the implementation of said magna carta benefits, certain deficiencies were noted. For example, the bookkeeper who happens to be employed in a public hospital is entitled to the benefits supposedly designed to attract medical personnel to public service. The unfairly liberal interpretation of said Magna Carta laws has therefore created a very distorted pay system.
4. Proliferation of additional allowances and benefits, especially among Government-owned and controlled corporations (GOCCs). Many of the allowances and other benefits already disallowed when SSL-1 was legislated have resurfaced through various financial engineering tactics, sometimes even under the very noses of COA auditors. It is time to bring these acts in line with government compensation policy and strengthen the controls in government pay.

V. SALARY STANDARDIZATION LAW 3: THE UPDATED COMPENSATION RATIONALIZATION SYSTEM

To address the many issues previously issued and put government pay closer to private sector pay (at least at the middle level positions), Joint Resolution No. 4 was passed by Congress on 17 June 2009. As in the past, the new law covers all agencies of the national government, local governments and GOCCs. The joint resolution was guided by the following governing principles:

1. Payment of just and equitable wages in accordance with the principle of “equal pay for work of equal value”;
2. Comparability of compensation of government personnel with those of private sector employees doing comparable work;
3. Standardization and rationalization of government compensation to promote equity, productivity and excellence in the civil service;
4. Adoption of performance-based incentive scheme to reward exemplary service;
5. Periodic review of Compensation and Position Classification System to consider trends in skills and competency requirements, the job market, and inflation; and
6. Compensation of government personnel to be kept modest and at reasonable level in proportion to the national budget.

Total Compensation Framework

As in previous SSLs, the upgraded compensation is based on a total compensation framework, which means that all benefits accruing to government employees will be included in the design and structure of the pay scheme. These benefits can be categorized into four (4) major classes, as follows:

1. Basic salary, including step increments due to length of service or normal merit/recognition pay. This is the fundamental value assigned to the performance of the duties and responsibilities of each position in the government.
2. Standard allowances and benefits. These are benefits given to all employees across agencies and are in fact part of regular pay. This includes additional fixed allowances, and the traditional year-end bonus of all employees.
3. Specific purpose allowances and benefits. These are given under specific conditions or situations, and the actual performance of work. Examples are hazard pay, subsistence allowance for employees/workers not regularly adopting an 8-hour day, and honoraria for related services rendered.
4. Incentives. These are rewards to recognize employee performance, loyalty and major productivity improvements.

In consonance with the above framework, the joint resolution mandated the categorization of existing magna carta benefits to the above classes and the issuance of uniform guidelines on the conditions, qualifications for entitlement, and the amount or rate of the benefit.

New Salary Structure

The new approved structure is shown in Table 2 and Figure 5. As evident in the above scheme, the following improvements have been incorporated.

1. More competitive pay scales. Up to the first supervisory level, SG-22 the government is basically at par or close to private sector pay. A marked differential continues to exist at higher position level but not as much as before. For senior level managers, for instance, the difference is much less at 77% compared to over 300%. Similarly, at the CEO level, substantial differences still exist, but the new rates are so much more reasonable than previous ones.

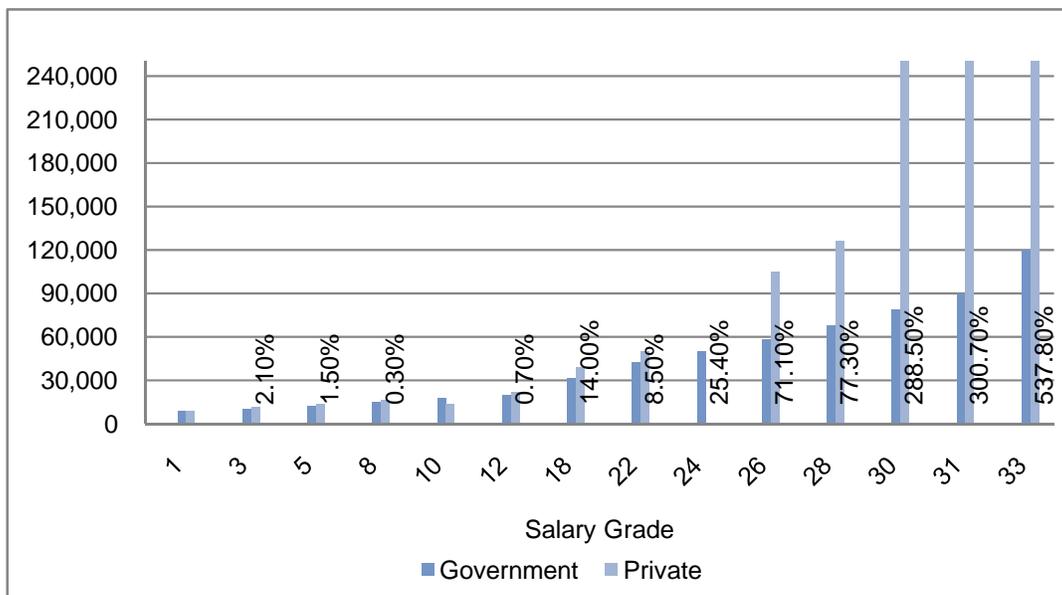
As a result of the adjustments in the pay scale, government employees covered by the SSL will receive a relatively hefty salary increase in 2009, equivalent to an average of 21% of basic pay. The national government has appropriated about P18 billion for the initial implementation of SSL 3 in 2998.

TABLE 2: MODIFIED SALARY SCHEDULE FOR CIVILIAN PERSONNEL, PURSUANT TO JOINT RESOLUTION NO. 4

Salary Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
1	9,000	9,090	9,181	9,273	9,365	9,459	9,554	9,649
2	9,675	9,772	9,869	9,968	10,068	10,169	10,270	10,373
3	10,401	10,505	10,610	10,716	10,823	10,931	11,040	11,151
4	11,181	11,292	11,405	11,519	11,635	11,751	11,869	11,987
5	12,019	12,139	12,261	12,383	12,507	12,632	12,759	12,886
6	12,921	13,050	13,180	13,312	13,445	13,580	13,716	13,853
7	13,890	14,029	14,169	14,311	14,454	14,598	14,744	14,892
8	14,931	15,081	15,232	15,384	15,538	15,693	15,850	16,009
9	16,051	16,212	16,374	16,538	16,703	16,870	17,039	17,209
10	17,255	17,428	17,602	17,778	17,956	18,135	18,317	18,500
11	18,549	18,735	18,922	19,111	19,302	19,495	19,690	19,887
12	19,940	20,140	20,341	20,545	20,750	20,958	21,167	21,379
13	21,436	21,650	21,867	22,086	22,306	22,529	22,755	22,982
14	23,044	23,274	23,507	23,742	23,979	24,219	24,461	24,706
15	24,887	25,161	25,438	25,718	26,000	26,286	26,576	26,868
16	26,878	27,174	27,473	27,775	28,080	28,389	28,702	29,017
17	29,028	29,348	29,671	29,997	30,327	30,661	30,998	31,339
18	31,351	31,696	32,044	32,397	32,753	33,113	33,478	33,846
19	33,859	34,231	34,608	34,988	35,373	35,762	36,156	36,554
20	36,567	36,970	37,376	37,788	38,203	38,623	39,048	39,478
21	39,493	39,927	40,367	40,811	41,259	41,713	42,172	42,636
22	42,652	43,121	43,596	44,075	44,560	45,050	45,546	46,047
23	46,064	46,571	47,083	47,601	48,125	48,654	49,190	49,731

Salary Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
24	49,750	50,297	50,850	51,410	51,975	52,547	53,125	53,709
25	53,730	54,321	54,918	55,522	56,133	56,750	57,375	58,006
26	58,028	58,666	59,312	59,964	60,624	61,291	61,965	62,646
27	62,670	63,360	64,057	64,761	65,474	66,194	66,922	67,658
28	67,684	68,428	69,181	69,942	70,711	71,489	72,276	73,071
29	73,099	73,903	74,716	75,537	76,368	77,208	78,058	78,916
30	78,946	79,815	80,693	81,580	82,478	83,385	84,302	85,230
31	90,000	90,990	91,991	93,003	94,026	95,060	96,106	97,163
32	103,000	104,133	105,278	106,437	107,607	108,791	109,988	111,198
33	120,000							

FIGURE 5: COMPARISON OF PROPOSED COMPENSATION IN PUBLIC SECTOR VERSUS EXSTING COMPENSATION IN PRIVATE SECTOR



2. Change of position titles and SG assignments for critical positions. In recognition of the importance of certain occupational groups in the civil service, five (5) of the most critical positions in the government have been assigned to a higher salary grade. The new SG assignment signifies a higher level of position classification, and correspondingly a higher salary value. The new benchmark grades for these positions are as follows:

Position Title	Salary Grade	
	From	To
Teacher 1	10	11
Nurse 1 10	11	
Medical Officer 1	14	16
Accountant 1	11	12
Legal Officer (retitled Attorney 1)	14	16

A corresponding realignment of succeeding positions within the same occupational groups will likewise be undertaken, resulting in higher pay.

3. Elimination of salary overlaps. The existing salary overlaps that create tension between supervisors and subordinates has been resolved. At no level in the upgraded salary scale will a subordinate receive a higher basic pay than his supervisor.
4. Control of future benefits. Strict adherence to the total compensation framework and the principles enumerated under the joint resolution is mandated. This will ensure that future acts that will again unreasonably distort the rationalized pay structure can be deterred.
5. Admonition to agencies exempted from the SSL. A strict admonition to SSL-exempt agencies is included among the provisions of the joint resolution to avoid a repeat of the experience in previous years when they virtually decided by themselves how much they will get paid. The grant of exemption from the SSL have been abused in the past and the new provisions are expected to minimize if not eliminate self-serving populist decisions of SSL-exempt agencies.

New Transparency Provisions

The joint resolution incorporated a new provision calling for all SSL-exempt agencies to submit reports of their pay structure to fiscal authorities. This is a major achievement of civil society, particularly the Budget Network, in response to the difficulties encountered by both government and non-government groups in securing information on SSL-exempt compensation.

Implementation Period

Due to fiscal constraints, the upgraded pay will be implemented over four (4) years. In the implementation plan, the pay of lower level positions will be upgraded faster than the higher level ones. The good news here is that government employees will benefit from salary increases in the next four years.

VI. CONCLUSION

The cost of personnel services is typically a huge proportion of national or central government budgets. In the Philippines, this is roughly one third of the national budget. Due to the magnitude of this cost, the government has adopted a case-to-case policy on compensation adjustments. Thus, unlike some countries, and contrary to the inflation-based adjustments in the private sector, the Philippine government adopts a compensation scheme that is generally dependent on budget affordability.

However, a rational, competitive and fair pay structure is a major impetus to good fiscal governance. While in general, public sector pay lags behind that of the private sector, government compensation should enable employees to earn a decent pay commensurate to their work, The Government, after all, is a profession by itself. As such, government personnel must be so treated, by among others, being given reasonable pay scales. It is therefore important that a competitive, fair and decent pay scale be supported and continuously implemented in the public sector.

APPENDIX A – JOINT RESOLUTION #4

H. Jt. Res. No. 36
S. Jt. Res. No. 26

Republic of the Philippines
Congress of the Philippines
Metro Manila
Fourteenth Congress
Second Regular Session



Begun and held in Metro Manila, on Monday, the twenty-eighth day of July, two thousand eight.

JOINT RESOLUTION NO. **4**

JOINT RESOLUTION AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO MODIFY THE COMPENSATION AND POSITION CLASSIFICATION SYSTEM OF CIVILIAN PERSONNEL AND THE BASE PAY SCHEDULE OF MILITARY AND UNIFORMED PERSONNEL IN THE GOVERNMENT, AND FOR OTHER PURPOSES

WHEREAS, Section 5, Article IX-B of the Philippine Constitution states that Congress shall provide for the standardization of compensation of government officials and employees, including those in government-owned or -controlled corporations with original charters, taking into account the nature of the responsibilities pertaining to and the qualifications required for their positions;

WHEREAS, Republic Act No. 6758 prescribes a revised Compensation and Position Classification System for civilian personnel in accordance with the above-cited constitutional provision and anchored on the basic principle of equal pay for substantially equal work;

WHEREAS, Joint Resolution No. 01 of the Senate and the House of Representatives approved by the President of the Philippines on March 7, 1994, urged the latter to revise the then existing Compensation and Position Classification System for civilian personnel and base pay of military and uniformed personnel to make it more responsive to the economic needs of government personnel, to provide adequate incentives to public servants and to improve the quality of public services;

WHEREAS, the present Compensation and Position Classification System has to be revised further to update the same, to further encourage excellent performance and productivity, and to clearly distinguish differences in levels of responsibility and accountability among government officials and employees;

WHEREAS, the current structure of the Salary Schedule causes the overlapping of salaries between salary grades, thereby resulting to salary inequities between positions;

WHEREAS, the grant of benefits to selected professions under special laws undermines the compensation standardization and equal protection of the law clauses in the Constitution, distorts the standardized compensation scheme and breeds demoralization among other government personnel;

WHEREAS, the military personnel of the Department of National Defense and uniformed personnel of the Department of the Interior and Local Government, the Philippine Coast Guard, and the National Mapping and Resource Information Authority are similarly in need of a modified base pay that provides adequate remuneration and benefits in view of the vital role they play in internal security;

WHEREAS, in order to make the present Compensation and Position Classification System and Base Pay Schedule more effective in motivating government personnel and in invigorating public service, reforms in the present System and Pay Schedule need to be instituted: Now, therefore, be it:

Resolved by the Senate and the House of Representatives in Congress assembled, To authorize the President of the Philippines to modify the existing Compensation and Position Classification System of civilian personnel and Base Pay Schedule of military and uniformed personnel and to initially implement the same effective July 1, 2009 and in the case of local government units (LGUs) to take effect January 1, 2010.

Resolved, further, To express the strong sentiment of the Senate and the House of Representatives, that said modification must be in line with the governing principles, coverage and particulars of the Compensation and Position Classification System and Base Pay Schedule prescribed hereunder.

Resolved, finally, That the amendments of existing laws and issuances contrary to the provisions of this Joint Resolution shall be effective upon approval of this Joint Resolution.

(1) *Governing Principles* – The following principles shall govern the modified Compensation and Position Classification System and Base Pay Schedule of the government:

(a) All government personnel shall be paid just and equitable compensation in accordance with the principle of equal pay for work of equal value. Differences in pay shall be based on verifiable compensation and position classification factors in due regard to the financial capability of the government;

(b) The compensation for all civilian government personnel shall generally be comparable with those in the private sector doing comparable work in order to attract, retain and motivate a corps of competent civil servants;

(c) The compensation for all civilian government personnel shall likewise be standardized and rationalized across all government agencies to create an enabling environment that will promote social justice, integrity, efficiency, productivity, accountability and excellence in the civil service;

(d) A performance-based incentive scheme which integrates personnel and organizational performance shall be established to reward exemplary civil servants and well-performing institutions;

(e) A periodic review of the government's Compensation and Position Classification System shall be conducted every three (3) years, taking into account the changes in skills and competency requirement in the bureaucracy, the relative demand for certain expertise, the possible erosion in the purchasing power due to inflation, and other factors. The Base Pay Schedule of military and uniformed personnel shall likewise be subject to the said periodic review to ensure that they are adequately compensated;

(f) The Base Pay Schedule of military and uniformed personnel of the government shall likewise take into account prevailing economic realities and create professionalism, exemplary performance, and commitment to service; and

(g) The compensation for government personnel shall be kept fair and reasonable in recognition of fiscal realities and an efficient allocation of personal services cost which shall be maintained at a realistic level in proportion to the overall expenditure of the government.

(2) Coverage – The Compensation and Position Classification System herein provided shall apply to all positions for civilian government personnel in the Executive, Legislative and Judicial Branches, the Constitutional Commissions, State Universities and Colleges (SUCs), Government-Owned or -Controlled Corporations (GOCCs), Government Financial Institutions (GFIs) and LGUs, whether regular, casual or contractual in nature, appointive or elective, on full-time or part-time basis, now existing or hereafter created. The military and uniformed personnel shall be covered by a separate compensation system as provided in item (8) hereof.

Individuals and groups of personnel whose services are engaged through job orders or contracts of services shall be excluded from the coverage of the System.

(3) Position Classification System – (a) Re-categorized Groups of Classes of Positions – The classes of positions shall be re-categorized as follows: (i) Subprofessional Category; (ii) Professional Category; and (iii) Executive Category.

(i) Subprofessional Category – This category includes positions involved in structured work in support of office operations or those engaged in arts, crafts, trades, manual or clerical work.

Also included in this category are positions engaged in supervising groups of employees performing such work.

These positions require completion of up to elementary education, secondary or vocational education or completion of at least two (2) years of college education, and skills acquired through training and moderate to considerable experience and knowledge of a limited subject matter or skills in arts, crafts, trades, manual and clerical work.

(ii) Professional Category – This category includes positions performing work requiring the exercise of profession or application of knowledge acquired through formal training in a particular field or the exercise of a natural, creative and artistic ability or talent in arts and letters. Also included in this category are positions involved in research and application of professional knowledge and methods to a variety of technological, economic, social, industrial and governmental functions.

Further included in this category are positions engaged in supervising groups of employees performing professional work.

These positions require thorough knowledge in the field of arts and sciences or learning acquired through completion of at least four (4) years of college studies or thorough knowledge of specialized fields acquired through completion of bachelor's, master's or doctorate degrees.

(iii) Executive Category – This category includes managerial positions involved in the execution of laws, rules and regulations, both in the national and local governments, in the legislation of laws and ordinances, and in the administration of justice. Appointive executive positions require thorough knowledge acquired through completion of at least a bachelor's degree. Elective executive positions only require knowledge acquired through the minimum education prescribed by the Constitution and existing laws.

(b) Index of Occupational Services, Occupational Groups, Classes and Salary Grades – The existing levels of classes of positions shall be reviewed to convert them to the more appropriate number of levels that recognizes reasonable gradations in the levels of difficulty, substantial changes and complexity of the duties and responsibilities of positions, work methods, skills, competencies and other relevant factors and to convert them into generic, brief but descriptive and gender-neutral class/position titles.

For this purpose, the Index of Occupational Services, Occupational Groups, Classes and Salary Grades, which is a component of the position classification system, shall be updated by the Department of Budget and Management (DBM) in coordination with the Civil Service Commission (CSC).

(4) Compensation System – (a) Total Compensation Framework – The existing basic salaries, allowances, benefits and incentives granted to government officials and employees shall be rationalized and standardized in accordance with the herein established Total Compensation Framework. Under this Framework, the total payment given to an employee for services rendered shall hereinafter be limited to the following:

- (i) Basic Salaries, including Step Increments;
- (ii) Standard Allowances and Benefits;
- (iii) Specific-Purpose Allowances and Benefits; and
- (iv) Incentives.

Provided, That the Total Compensation Framework shall exclude all indirect compensation under existing laws such as, but not limited to: life and retirement insurance benefits; employee compensation insurance; health insurance; Pag-IBIG Fund benefits; and Provident Fund benefits.

(b) The modified Salary Schedule for Civilian Personnel, to be implemented in tranches, shall be as follows:

Salary Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
1	9,000	9,090	9,181	9,273	9,365	9,459	9,554	9,649
2	9,675	9,772	9,869	9,968	10,068	10,169	10,270	10,373
3	10,401	10,505	10,610	10,716	10,823	10,931	11,040	11,151
4	11,181	11,292	11,405	11,519	11,635	11,751	11,869	11,987
5	12,019	12,139	12,261	12,385	12,507	12,632	12,759	12,886
6	12,921	13,050	13,180	13,312	13,445	13,580	13,716	13,853
7	13,890	14,029	14,169	14,311	14,454	14,598	14,744	14,892
8	14,931	15,081	15,232	15,384	15,538	15,693	15,850	16,009
9	16,051	16,212	16,374	16,538	16,703	16,870	17,039	17,209
10	17,258	17,428	17,602	17,778	17,956	18,135	18,317	18,500
11	18,549	18,735	18,922	19,111	19,302	19,495	19,690	19,887
12	19,940	20,140	20,341	20,545	20,750	20,958	21,167	21,379
13	21,438	21,650	21,867	22,086	22,306	22,529	22,755	22,982
14	23,044	23,274	23,507	23,742	23,979	24,219	24,461	24,706
15	24,887	25,161	25,438	25,718	26,000	26,284	26,576	26,868
16	26,878	27,174	27,473	27,775	28,080	28,389	28,702	29,017
17	29,028	29,348	29,671	29,997	30,327	30,661	30,998	31,339
18	31,351	31,696	32,044	32,397	32,753	33,113	33,478	33,846
19	33,859	34,231	34,606	34,988	35,373	35,762	36,154	36,554
20	36,567	36,970	37,376	37,785	38,203	38,623	39,046	39,478
21	39,493	39,927	40,367	40,811	41,259	41,713	42,172	42,636
22	42,652	43,121	43,596	44,075	44,560	45,050	45,546	46,047
23	46,064	46,571	47,083	47,601	48,125	48,654	49,190	49,731
24	49,750	50,297	50,850	51,410	51,975	52,547	53,126	53,709
25	53,730	54,321	54,918	55,522	56,133	56,750	57,373	58,006
26	58,028	58,666	59,312	59,964	60,624	61,291	61,965	62,646
27	62,670	63,360	64,057	64,761	65,474	66,194	66,922	67,658
28	67,684	68,425	69,181	69,942	70,711	71,488	72,276	73,071
29	73,099	73,903	74,718	75,537	76,368	77,208	78,058	78,916
30	78,946	79,815	80,693	81,580	82,478	83,385	84,302	85,230
31	90,000	90,990	91,991	93,003	94,026	95,060	96,106	97,163
32	103,000	104,131	105,278	106,437	107,607	108,791	109,988	111,198
33	120,000							

(c) Salary Grade Assignments of Positions – The salary grades for positions for constitutional officials and their equivalent shall be as provided under Section 8 of Republic Act No. 6758.

The benchmark position schedule in item (4) of Senate and House of Representatives Joint Resolution No. 01, s. 1994, is abolished.

The existing position classification factors and other relevant factors shall guide the DBM in the review of salary grade assignments for classes of positions below those for constitutional officials and their equivalent for possible modifications in view of organizational, technological, professional and other developments, and in determining the salary grade assignments of new classes of positions: *Provided*, That teachers with specialization in Science and Mathematics shall be given three (3) steps higher of his/her assigned grade.

(d) Step Increments – An employee may progress from Step 1 to Step 8 of the salary grade allocation of his/her position in recognition of meritorious performance based on a Performance Management System approved by the CSC and/or through length of service, in accordance with the rules and regulations to be promulgated jointly by the DBM and the CSC.

Employees authorized to receive Longevity Pay under existing laws shall no longer be entitled to Step Increments Due to Length of Service. The grant of Step Increment based on Merit and Performance shall be in lieu of the Productivity Incentive Benefit.

(e) Rationalization of Allowances, Benefits and Incentives – The coverage, conditions for the grant, including the rates of allowances, benefits and incentives to all government employees, shall be rationalized in accordance with the policies to be issued by the President upon recommendation of the DBM.

For this purpose, all existing and authorized allowances, benefits and incentives shall be categorized as Standard Allowances and Benefits, Specific-Purpose Allowances and Benefits or Incentives in accordance with items (4)(f), (g) and (h) hereof: *Provided*, That henceforth all allowances, benefits and incentives

to be granted to any and all government employees shall be limited to the foregoing categories: *Provided, further,* That said allowances, benefits and incentives shall be granted only upon compliance with all of the qualifications and conditions laid down by the President.

Provident fund benefit and other benefits, which are excluded in the Total Compensation Framework as may be determined by the DBM, shall be rationalized in accordance with the policies to be issued by the President upon recommendation of the DBM.

(f) Standard Allowances and Benefits - These are allowances and benefits given to all employees across agencies at prescribed rates, guidelines, rules and regulations, which shall be limited to the following:

(i) Personnel Economic Relief Allowance - This shall be given at Two thousand pesos (P2,000.00) per month, the combined total of the current Five hundred pesos (P500.00) Personnel Economic Relief Allowance and the One thousand five hundred pesos (P1,500.00) Additional Compensation, to supplement pay due to the rising cost of living;

(ii) Uniform/Clothing Allowance - This is to provide for the required uniform/clothing to employees, at prescribed rates; and

(iii) Year-End Bonus and Cash Gift - This is equivalent to one (1) month basic salary and Cash Gift provided under Republic Act No. 6686, as amended by Republic Act No. 8441. Henceforth, the year-end bonus and other cash gifts shall be funded from the annual general appropriations.

(g) Specific-Purpose Allowances and Benefits - These are allowances and benefits given to employees across agencies under specific conditions and situations related to the actual performance of work; at prescribed rates, guidelines, rules and regulations. These are limited to the following:

(i) Representation and Transportation Allowances - These are given to officials down to division chiefs at monthly standard rates in order to defray transportation and representation expenses.

while in the actual performance of the duties of the positions. Transportation allowance shall not be given to those assigned government transportation;

(ii) Per Diem – This is a compensation for attendance in meetings in view of membership in collegial bodies created by law;

(iii) Honoraria – These are token payments in recognition of services rendered beyond the regular duties and responsibilities of positions;

(iv) Night-Shift Differential – This premium is given to an employee whose regular working hours fall wholly or partially within six o'clock in the evening to six o'clock in the morning of the following day;

(v) Overtime Pay – This is cash payment for work performed by an employee beyond the regular working hours in a day, and those performed on rest days, holidays and nonworking days;

(vi) Subsistence Allowance – This is an allowance for meal or sustenance given only to government personnel who, by the nature of the duties and responsibilities of their positions, have to make their services available at all times in their places of work even during mealtimes. This shall be given at the prescribed standard rate;

(vii) Hazard Pay – This is a premium given only to government personnel exposed to hazardous situations such as, but not limited to, assignment in strife-torn or embattled areas, distressed or isolated stations, prison camps, mental hospitals, leprosaria, radiation-exposed clinics/laboratories/workshops, disease-infested areas and areas declared under state of calamity or emergency which pose occupational risks or perils to life;

(viii) Special Counsel Allowance – This is an allowance for lawyer personnel in the legal staff of departments, bureaus or offices of the national government deputized by the Office of the Solicitor General to appear in court as special counsel in collaboration with the Solicitor General or Prosecutors concerned;

(ix) Overseas and Other Allowances for Government Personnel Stationed Abroad – These are allowances given to government officials and employees assigned abroad at such rates authorized under Republic Act No. 7157, as amended, and its implementing rules and regulations; and

(x) Other allowances and benefits granted under specific conditions and situations, related to the actual performance of work as may be determined by the DBM: *Provided, That* Section 8 of Republic Act No. 9417 shall remain effective and enjoyed in the manner prescribed under said law.

(h) Incentives – This shall be limited to the following:

(i) Incentives to reward an employee's loyalty to government service and contributions to the agency's continuing viable existence, as follows:

(aa) Loyalty Incentive – This is an incentive to be given in milestone years to reward an employee's loyalty to government service with at least satisfactory performance. This shall be in lieu of the Loyalty Award; and

(bb) Anniversary Bonus – This is a one-time incentive to be given to employees on the occasion of their agencies' milestone anniversaries, to recognize the employees' participative efforts in and contributions to the agencies' continuing and/or viable existence;

(ii) Incentives as rewards for exceeding agency financial and operational performance targets, and to motivate employee efforts toward higher productivity, as follows:

(aa) Collective Negotiation Agreement (CNA) Incentive – This may be granted to both management and rank-and-file employees of agencies with approved and successfully implemented CNAs in recognition of their efforts in accomplishing performance targets at lesser cost, in attaining more efficient and viable operations through cost-cutting measures and systems improvement, such CNA incentive shall be provided for under the annual General Appropriations Act; and

(bb) Productivity Enhancement Incentive -- This may be authorized by the President of the Philippines for the Executive Branch and LGUs, the Senate President and the Speaker of the House of Representatives for the Legislative Branch, the Chief Justice of the Supreme Court for the Judicial Branch, the Ombudsman for the Office of the Ombudsman and the Heads of Constitutional Commissions for Constitutional Offices vested with fiscal autonomy at the end of the year. Such productivity enhancement incentive shall be funded from the annual general appropriations; and

(iii) Other existing benefits to be categorized by the DBM as incentives.

(5) Special Allowances -- The grant of Special Allowances to certain officials and employees as provided under Republic Act No. 9227, Republic Act No. 9279, Republic Act No. 9347, Republic Act No. 9406 and Republic Act No. 9417 which shall not exceed one hundred percent (100%) of the applicable salary schedule, as provided in their respective implementing rules and regulations, shall be considered as an advance implementation of any subsequent increases in the salary rates under Republic Act No. 6758, as amended.

Accordingly, the full amount of Special Allowances or portions thereof that have been received shall be converted as part of basic salaries as a result of the salary increases authorized pursuant to this Joint Resolution and such other subsequent issuances and/or laws authorizing salary adjustments: *Provided*, That any balances in the amount of Special Allowances not converted as part of basic salaries shall continue to be granted as such and funded from sources specified under applicable laws: *Provided, further*, That the maximum limit of the Special Allowances that may be granted thereafter shall be reduced by the amount of Special Allowances converted as part of basic salaries: *Provided, finally*, That such Special Allowances shall cease to be granted once the full amount of the authorized Special Allowances have been received by the employee concerned.

(6) *Magna Carta Benefits* - Within ninety (90) days from the effectivity of this Joint Resolution, the DBM is hereby authorized to issue the necessary guidelines, rules and regulations on the grant of Magna Carta benefits authorized for specific officials and employees in the government to determine those that may be categorized in the Total Compensation Framework.

Nothing in this Joint Resolution shall be interpreted to reduce, diminish or, in any way, alter the benefits provided for in existing laws on Magna Carta benefits for specific officials and employees in government, regardless of whether said benefits have been already received or have yet to be implemented.

The DBM, in coordination with the agencies concerned, shall determine the qualifications, conditions and rates in the grant of said benefits. Accordingly, the consultative councils, departments and officials previously authorized to issue the implementing rules and regulations of Magna Carta benefits shall no longer exercise said function relative to the grant of such benefits.

(7) *Local Government Units* - The salaries, wages, allowances and other emoluments and benefits of officials and employees of LGUs shall be determined by their respective sanggunians in accordance with the pertinent provisions of Republic Act No. 7160: *Provided*, That LGUs may, if their finances warrant, grant salary or wage adjustments to their personnel, subject to the personal services limitation in LGU budgets under Republic Act No. 7160: *Provided, further*, That the grant of allowances and other benefits shall be subject to the said personal services limitation.

In case of partial implementation of salary or wage adjustments, the same shall be at uniform proportion of the established rates for all positions in each LGU.

(a) The salary or wage adjustments, if warranted by the finances of the LGUs, shall be determined on the basis of the income class and financial capability of each LGU but shall not

exceed the following percentages of the rates in the Salary Schedule under item (4)(b) of this Joint Resolution:

	For Provinces/Cities	For Municipalities
Special Cities	100%	
1 st Class	100%	90%
2 nd Class	95%	85%
3 rd Class	90%	80%
4 th Class	85%	75%
5 th Class	80%	70%
6 th Class	75%	65%

(b) The rates of representation and transportation allowances shall be determined on the basis of the income class of each LGU.

(c) Each barangay official/employee paid monthly honorarium may be granted year-end bonus based on the monthly honorarium rate as of October 31 of the year, and cash gift, subject to the budgetary requirements and personal services limitation in barangay budgets under Republic Act No. 7160. Enforcement of the personal services limitation shall be waived insofar as the minimum year-end bonus of One thousand pesos (P1,000.00) for the punong barangay and Six hundred pesos (P600.00) for the other mandatory barangay officials, and their cash gifts are concerned.

(8) **Military and Uniformed Personnel** – The military personnel of the Department of National Defense (DND) and the uniformed personnel of the Department of the Interior and Local Government (DILG), the Philippine Coast Guard (PCG) and the National Mapping and Resource Information Authority (NAMRIA) shall be covered by a compensation system that will promote pay equity for an effective, efficient, professional and motivated corps of military and uniformed personnel.

They shall be covered by only one Base Pay Schedule as follows:

DND	DILG		PCG and NAMRIA	Monthly Base Pay
	BJMP and BFP	PNP and PPSC		
Candidate Soldier				P11,265
Private	Fire/Jail Officer I	Police Officer I	Apprentice Seaman/Seaman Third Class	14,834
Private First Class			Seaman Second Class	15,952
Corporal	Fire/Jail Officer II	Police Officer II	Seaman First Class	16,934
Sergeant			Petty Officer III	17,744
Staff Sergeant	Fire/Jail Officer III	Police Officer III	Petty Officer II	18,666
Technical Sergeant			Petty Officer I	20,159
Master Sergeant	Senior Fire/Jail Officer I	Senior Police Officer I	Chief Petty Officer	21,771
Senior Master Sergeant	Senior Fire/Jail Officer II	Senior Police Officer II	Senior Chief Petty Officer	23,513
Chief Master Sergeant	Senior Fire/Jail Officer III	Senior Police Officer III	Master Chief Petty Officer	25,394
First Chief Master Sergeant	Senior Fire/Jail Officer IV	Senior Police Officer IV	First Master Chief Petty Officer	27,425
Cadet		Cadet		27,425
Probationary Second Lieutenant				27,425
Second Lieutenant			Ensign	29,945
First Lieutenant	Inspector	Inspector	Lieutenant Junior Grade	32,341

DND	DILG		PCG and NAMRIA	Monthly Base Pay
	BJMP and BFP	FNI and PFSC		
Captain	Senior Inspector	Senior Inspector	Lieutenant Senior Grade	P35,312
Major	Chief Inspector	Chief Inspector	Lieutenant Commander	37,313
Lieutenant Colonel	Superintendent	Superintendent	Commander	40,298
Colonel	Senior Superintendent	Senior Superintendent	Captain	43,521
Brigadier General	Chief Superintendent	Chief Superintendent	Commodore	47,002
Major General	Director	Director	Rear Admiral	50,763
			Vice Admiral	54,824
Lieutenant General		Deputy Director General	Admiral	59,210
General		Director General		67,500

The remuneration for military and uniformed personnel shall be reckoned on a separate Total Compensation Framework which shall include: (a) Base Pay, including Longevity Pay; (b) Standard Allowances and Benefits; (c) Specific-Purpose Allowances and Benefits; and (d) Incentives.

All existing types of allowances and benefits authorized for military/uniformed personnel such as, but not limited to, Longevity Pay, Quarters Allowance, Subsistence Allowance, Clothing Allowance, Laundry Allowance and Hazard Pay shall continue to be authorized and categorized in accordance with this separate Total Compensation Framework.

(9) Exempt Entities – Government agencies which by specific provision/s of laws are authorized to have their own compensation and position classification system shall not be entitled to the salary adjustments provided herein. Exempt entities shall be governed by their respective Compensation and Position Classification

Systems: *Provided*, That such entities shall observe the policies, parameters and guidelines governing position classification, salary rates, categories and rates of allowances, benefits and incentives, prescribed by the President: *Provided, further*, That any increase in the existing salary rates as well as the grant of new allowances, benefits and incentives, or an increase in the rates thereof shall be subject to the approval by the President, upon recommendation of the DBM: *Provided, finally*, That exempt entities which still follow the salary rates for positions covered by Republic Act No. 6758, as amended, are entitled to the salary adjustments due to the implementation of this Joint Resolution, until such time that they have implemented their own compensation and position classification system.

(10) Disclosure of Compensation and Position Classification Systems Adopted by Exempt Entities – In conformity with the provisions of item (9) hereof, exempt entities shall submit their existing compensation and position classification systems and their implementation status to the DBM.

(11) Non-diminution in the Basic Salaries of Incumbent Employees – In no case shall there be any diminution in the basic salaries of incumbent employees upon the implementation of this Joint Resolution. For this purpose, they shall receive the new salary rates prescribed herein, to be implemented in tranches, which in no case shall be less than their existing salary rates.

(12) Funding Source – The funding sources for the amounts necessary to implement the modified Compensation and Position Classification System and Base Pay Schedule shall be as follows:

(a) For national government entities, the amounts shall be charged against appropriations set aside for the purpose in the FY 2009 General Appropriations Act and from savings generated by the different departments, bureaus, offices and agencies of the government. Thereafter, such amounts as are needed shall be included in the annual General Appropriations Act: *Provided*, That for every Fifty billion pesos (P50,000,000,000.00) increase in the programmed new appropriations, five percent (5%) will be earmarked for the salary increase of personnel;

(b) For GOCCs and GFIs, the amounts shall come from their respective corporate funds in the approved corporate operating budgets. Government corporations which do not have adequate or sufficient funds shall only partially implement the established rates: *Provided*, That any partial implementation shall be at uniform proportion of the established rates for all positions in each government corporation; and

(c) For LGUs, the amounts shall be charged against their respective local government funds in accordance with the pertinent provisions of this Joint Resolution and Republic Act No. 7160.

(13) Implementation – For national government employees, the Salary Schedule in item (4)(b) and the Base Pay Schedule in item (8) shall be implemented in four (4) equal yearly tranches but in no case beyond four (4) years: *Provided*, That the initial implementation shall take effect July 1, 2009.

For GOCCs/GFIs and LGUs, the implementation period shall be at least four (4) years depending on their financial capabilities: *Provided, further*, That the initial implementation for GOCCs/GFIs shall take effect July 1, 2009 and in the case of LGUs, January 1, 2010.

(14) Applicability to Certain Constitutional Officials – Pursuant to Section 6 of Article VII and Section 10 of Article VI of the Constitution, the salaries prescribed herein for the President of the Philippines, Vice President of the Philippines and Members of Congress shall take effect only after the expiration of the respective terms of the present incumbents.

(15) Applicability of Other Laws – All provisions of Presidential Decree No. 985, as amended by Presidential Decree No. 1597, Republic Act No. 6758, as amended by Senate and House of Representatives Joint Resolution No. 01, s. 1994, which are not inconsistent with and are not expressly modified, revoked or repealed by this Joint Resolution shall continue to be in full force and effect.

(16) Amendment of Existing Laws – The provisions of all laws, decrees, executive orders, corporate charters, rules, regulations, circulars, approvals and other issuances or parts thereof that are

inconsistent with the provisions of this Joint Resolution such as, but not limited to, Republic Act No. 4670, Republic Act No. 7160, Republic Act No. 7305, Republic Act No. 8439, Republic Act No. 8551, Executive Order No. 107 dated June 10, 1999, Republic Act No. 9286, Republic Act No. 9166, Republic Act No. 9173 and Republic Act No. 9433 are hereby amended.

All provisions of laws, executive orders, corporate charters, implementing rules and regulations prescribing salary grades for government officials and employees other than those in Section 8 of Republic Act No. 6758 are hereby repealed.

(17) Functional Responsibilities – (a) In addition to the powers and functions provided in the pertinent items of this Joint Resolution and Presidential Decree No. 985, as amended by Presidential Decree No. 1597, Republic Act No. 6758, and Senate and House of Representatives Joint Resolution No. 01, s. 1994, the DBM shall:

(i) Prepare and issue the guidelines, rules and regulations necessary to implement the modified Compensation and Position Classification System for all government personnel herein established consistent with the executive orders to be issued by the President;

(ii) Administer the modified Compensation and Position Classification System;

(iii) Undertake a continuing review of the Compensation and Position Classification System for civilian government personnel in coordination with the CSC; and

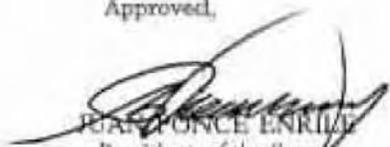
(iv) Recommend for the consideration and approval of the President, the updating of the Compensation and Position Classification System for civilian personnel and Base Pay Schedule for military and uniformed personnel, as well as the policies on and levels of allowances, benefits and incentives applicable to all government personnel, including those for exempt entities.

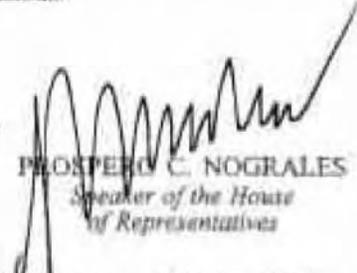
(b) The CSC and the DBM shall jointly formulate the guidelines, rules and regulations on the grant of incentives in items (4)(h)(i) and (ii).

(c) The CSC, in developing the Performance Management System, shall ensure that personnel performance shall be linked with organizational performance in order to enhance the performance orientation of the compensation system.

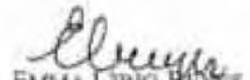
(15) Preparation of a Consolidated Compensation and Position Classification Report - The DBM shall prepare a Consolidated Compensation and Position Classification Report, summarizing the approved systems for all government entities in the national government, government-owned or -controlled corporations and government financial institutions including exempt entities and the status of implementation thereof. Said report shall be periodically updated and submitted to Congress and the Commission on Audit for public disclosure, monitoring, compliance with established policies and as basis for future policy decisions.

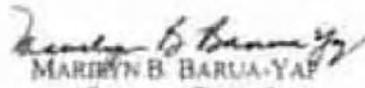
Approved,


JUAN PONCE ENRILE
President of the Senate


PROSPERO C. NOGRALES
Speaker of the House of Representatives

This Joint Resolution which is a consolidation of House Joint Resolution No. 36 and Senate Joint Resolution No. 26 was finally adopted by the House of Representatives and the Senate on June 1, 2009 and June 2, 2009, respectively.


EMMA LIRIO-BEYES
Secretary of the Senate


MARILYN B. BARUA-YAP
Secretary General House of Representatives

Approved: JUN 17 2009




GLORIA MACAPAGAL-ARROYO
President of the Philippines

0



APPENDIX B – EXECUTIVE ORDER NO. 811

**MALACAÑANG
MANILA**

EXECUTIVE ORDER NO. 811

ADOPTING THE FIRST TRANCHE OF THE MODIFIED SALARY SCHEDULE OF CIVILIAN PERSONNEL AND BASE PAY SCHEDULE OF MILITARY AND UNIFORMED PERSONNEL IN THE GOVERNMENT, AS WELL AS THE MODIFIED POSITION CLASSIFICATION SYSTEM PURSUANT TO SENATE AND HOUSE OF REPRESENTATIVES JOINT RESOLUTION NO. 4, S. 2009

WHEREAS, Senate and the House of Representatives Joint Resolution No. 4, s. 2009, authorizes the President of the Philippines to modify the existing Compensation and Position Classification System of civilian personnel and the Base Pay Schedule of military and uniformed personnel;

WHEREAS, said authority shall be exercised in accordance with the governing principles, coverage and particulars of the modified Compensation and Position Classification System prescribed in the Joint Resolution;

WHEREAS, the amount of P18.4 billion is appropriated under the Miscellaneous Personnel Benefits Fund in Republic Act No. 9524 or the Fiscal Year 2009 General Appropriations Act, to cover the compensation adjustments necessary to implement the first tranche of the modified Salary Schedule for civilian personnel and Base Pay Schedule for military and uniformed personnel in the national government;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution, Presidential Decree No. 985, Presidential Decree No. 1597, Republic Act No. 6758, as amended by the Senate and House of Representatives Joint Resolution No. 01 approved on March 7, 1994, and Senate and House of Representatives Joint Resolution No. 4 approved on June 17, 2009, do hereby order and direct:

SECTION 1. Purpose – This Executive Order is issued in accordance with House of Representatives Joint Resolution No. 4, s. 2009, and shall:

- (a) prescribe the first tranche of the modified salary schedule of civilian personnel and base pay schedule of military and uniformed personnel in the government; and
- (b) direct the review and modification of the position classification system.

SECTION 2. Coverage and Exclusion –

- (a) Civilian Personnel – The modified Compensation and Position Classification System shall cover all positions for civilian personnel in the Executive, Legislative and Judicial Branches, the Constitutional Commissions, State Universities and Colleges (SUCs), Government-Owned or Controlled Corporations (GOCCs), Government Financial Institutions (GFIs), and Local Government Units (LGUs), whether regular, casual, or contractual in nature, appointive or elective, on full-time or part-time basis, now existing or hereafter created.

The following shall be excluded from the coverage of the System:

- (i) individuals and groups of personnel whose services are engaged through job orders, contracts of services, or others similarly situated; and
 - (ii) positions for civilian personnel in government entities which are authorized by law to adopt, and are actually implementing their own compensation and position classification systems.
- (b) Military and Uniformed Personnel – The modified Base Pay Schedule provided in item (8) of said Joint Resolution, shall cover the military personnel under the Department of National Defense (DND) and uniformed personnel under the Department of the Interior and Local Government (DILG), Philippine Coast Guard (PCG), and National Mapping and Resource Information Authority (NAMRIA).

SECTION 3. Implementation Period –

- (a) For national government agencies (NGAs), the Salary Schedule in item (4) (b) and the Base Pay Schedule in item (8) of said Joint Resolution, shall be implemented in four (4) equal yearly tranches, but in no case beyond four (4) years.
- (b) For GOCCs, GFIs, and LGUs, the implementation period shall be four (4) years or more depending on their financial capability.

SECTION 4. First Tranche of Implementation –

- (a) For Civilian Personnel –
 - (i) For NGA, GOCC and GFI Personnel –

The salary rates shall be in accordance with the First Tranche Monthly Salary Schedule for Civilian Government Personnel Effective July 1, 2009, attached as Annex "A."

- (ii) For LGU Personnel –

The salary rates for LGU personnel shall be determined by the sanggunian, on the basis of LGU income class and financial capability: Provided, That such salary rates shall not exceed the applicable percentages shown in the table below, pursuant to item 7(a) of the Joint Resolution: Provided, Further That the resulting personal services (PS) cost shall not exceed the PS limitation in local government budgets, as provided under Sections 325(a) and 331(b) of Republic Act No. 7160: Provided, Finally That there shall be no diminution in the basic salaries of incumbents for purposes of complying with said PS limitation.

Percentages of Salary Rates Shown in Annex "A"		
	For Provinces/Cities	For Municipalities
Special Cities	100%	
1 st Class	100%	90%
2 nd Class	95%	85%
3 rd Class	90%	80%
4 th Class	85%	75%
5 th Class	80%	70%
6 th Class	75%	65%

For this purpose, the DBM shall issue the First Tranche Monthly Salary Schedule for Local Government Personnel for each LGU income class which shall take effect January 1, 2010.

(b) For Military and Uniformed Personnel –

The base pay rates shall be in accordance with the First Tranche Monthly Base Pay Schedule for Military and Uniformed Personnel Effective July 1, 2009, attached as Annex "B."

SECTION 5. Uniform Implementation in Case of Insufficiency of Funds –

(a) GOCCs and GFIs which do not have adequate or sufficient funds shall implement salary schedules which shall be at uniform percentages of the salary rates in Annex "A."

(b) Likewise, LGUs which do not have adequate or sufficient funds to implement the maximum salaries prescribed for the LGU income class shall implement salary schedules which shall be at uniform percentages of the salary rates in the First Tranche Monthly Schedule for Local Government Personnel.

SECTION 6. Changes in Position Titles and Salary Grade Assignments of Certain Positions –

The position titles and salary grade assignments of the entry levels of the following positions are hereby modified:

Position Title	Salary Grade	
	From	To
Teacher I	10	11
Nurse I	10	11
Medical Officer I	14	16
Accountant I	11	12
[Legal Officer] Attorney I	[14]	16

The DBM, in coordination with the Civil Service Commission (CSC), shall review the other levels of the above-listed positions and other classes of positions to determine their appropriate levels, and to allocate them to their proper salary grades.

Accordingly, the DBM, in coordination with the CSC, shall update the Index of Occupational Services, Occupational Groups, Classes, and Salary Grades, in accordance with organizational, technological, professional and other developments.

SECTION 7. Non-Diminution in the Basic Salaries of Incumbent Employees –

In no case shall there be any diminution in the basic salaries of incumbent employees upon the implementation of the Joint Resolution and this Executive Order.

SECTION 8. Funding Sources – The funding sources for the amounts necessary to implement the modified Compensation and Position Classification System shall be as follows:

(a) For NGAs, the amounts shall be charged against appropriations set aside for the purpose in the FY 2009 General appropriations Act (GAA) and from savings generated by the different departments, bureaus, offices and

agencies of the national government. Thereafter, such amounts as are needed shall be included in the annual GAA.

(b) For GOCCS and GFIs, the amounts shall come from their respective corporate funds in the approved corporate operating budgets.

(c) For LGUs, the amount shall be charged against their respective local government funds.

SECTION 9. Applicability to Certain Constitutional Officials. – Pursuant to Section 6 of Article VII and Section 10 of Article VI of the Constitution, the salaries prescribed herein for the President of the Philippines, Vice-President of the Philippines, and Members of Congress shall take effect only after the expiration of the respective terms of the present incumbents.

SECTION 10. Subsequent Issuances. The President, upon recommendation by the DBM, shall issue such other Executive Orders to fully implement the provisions of Senate and House of Representatives Joint Resolution No. 4, s. 2009.

SECTION 11. Effectivity. – This Executive Order shall take effect immediately.

Done in the City of Manila this 17th day of June in the year of our Lord, Two thousand and Nine.

(Sgd.) H.E. GLORIA M. ARROYO

By the President:

(Sgd.) EDUARDO R. ERMITA
Executive Secretary

ANNEX "A"

Annex "A"

First Tranche Monthly Salary Schedule for Civilian Government Personnel
Effective July 1, 2009 for National Government Personnel
(In Pesos)

Salary Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
1	6,862	7,000	7,140	7,285	7,432	7,583	7,737	7,895
2	7,446	7,596	7,749	7,906	8,065	8,229	8,397	8,569
3	8,080	8,243	8,409	8,580	8,753	8,932	9,113	9,301
4	8,713	8,888	9,069	9,252	9,441	9,634	9,830	10,031
5	9,396	9,586	9,780	9,978	10,181	10,390	10,601	10,819
6	10,133	10,338	10,548	10,761	10,981	11,206	11,434	11,669
7	10,858	11,076	11,302	11,531	11,766	12,005	12,251	12,503
8	11,636	11,871	12,110	12,357	12,607	12,864	13,128	13,396
9	12,469	12,721	12,978	13,242	13,510	13,785	14,067	14,353
10	13,333	13,603	13,877	14,158	14,445	14,740	15,040	15,348
11	14,198	14,483	14,775	15,072	15,379	15,691	16,011	16,335
12	15,119	15,422	15,733	16,050	16,374	16,706	17,044	17,390
13	16,101	16,424	16,753	17,089	17,433	17,786	18,147	18,514
14	17,147	17,490	17,839	18,197	18,563	18,938	19,321	19,711
15	18,292	18,661	19,040	19,426	19,822	20,228	20,640	21,064
16	19,514	19,906	20,309	20,722	21,142	21,573	22,013	22,462
17	20,819	21,237	21,665	22,102	22,552	23,009	23,477	23,955
18	22,214	22,659	23,115	23,581	24,057	24,542	25,041	25,549
19	23,703	24,177	24,661	25,157	25,664	26,182	26,710	27,251
20	25,295	25,799	26,314	26,842	27,381	27,931	28,494	29,070
21	26,671	27,200	27,741	28,293	28,856	29,433	30,024	30,626
22	28,134	28,687	29,254	29,832	30,424	31,029	31,647	32,278
23	29,684	30,265	30,861	31,467	32,086	32,720	33,368	34,030
24	31,334	31,943	32,567	33,201	33,853	34,516	35,195	35,890
25	33,085	33,724	34,376	35,044	35,725	36,422	37,133	37,862
26	34,945	35,615	36,301	37,001	37,716	38,446	39,193	39,956
27	36,923	37,627	38,347	39,080	39,830	40,597	41,380	42,181
28	39,026	39,766	40,521	41,291	42,078	42,882	43,705	44,545
29	41,264	42,041	42,833	43,642	44,469	45,314	46,176	47,056
30	45,941	46,813	47,705	48,615	49,544	50,495	51,464	52,455
31	59,186	60,351	61,540	62,757	64,000	65,272	66,570	67,898
32	67,677	69,008	70,369	71,760	73,181	74,634	76,119	77,637
33	82,400							



ANNEX "B"

Annex "B"

**First Tranche Base Pay Schedule for Military and Uniformed Personnel
Effective July 1, 2009
(In Pesos)**

DND	DILG		PCG and NAMRIA	Monthly Base Pay
	BJMP and BFP	PNP and PPSC		
Candidate Soldier				8,630
Private	Fire/Jail Officer I	Police Officer I	Apprentice Seaman/ Seaman Third Class	10,808
Private First Class			Seaman Second Class	11,513
Corporal	Fire/Jail Officer II	Police Officer II	Seaman First Class	12,210
Sergeant			Petty Officer III	12,891
Staff Sergeant	Fire/Jail Officer III	Police Officer III	Petty Officer II	13,628
Technical Sergeant			Petty Officer I	14,540
Master Sergeant	Senior Fire/Jail Officer I	Senior Police Officer I	Chief Petty Officer	15,513
Senior Master Sergeant	Senior Fire/Jail Officer II	Senior Police Officer II	Senior Chief Petty Officer	16,552
Chief Master Sergeant	Senior Fire/Jail Officer III	Senior Police Officer III	Master Chief Petty Officer	17,664
First Chief Master Sergeant	Senior Fire/Jail Officer IV	Senior Police Officer IV	First Master Chief Petty Officer	18,850
Cadet		Cadet		18,850
Probationary Second Lieutenant				18,850
Second Lieutenant			Ensign	20,708
First Lieutenant	Inspector	Inspector	Lieutenant Junior Grade	21,836
Captain	Senior Inspector	Senior Inspector	Lieutenant Senior Grade	23,128
Major	Chief Inspector	Chief Inspector	Lieutenant Commander	24,202
Lieutenant Colonel	Superintendent	Superintendent	Comrtander	25,543
Colonel	Senior Superintendent	Senior Superintendent	Captain	26,967
Brigadier General	Chief Superintendent	Chief Superintendent	Commodore	28,481
Major General	Director	Director	Rear Admiral	30,090
Lieutenant General			Vice Admiral	31,801
General		Deputy Director- General	Admiral	35,428
		Director General		37,500



ANNEX F: NETWORK JOINT PUBLICATION 4/5 – “OFF-BUDGET ACCOUNTS”



USAID
FROM THE AMERICAN PEOPLE

OFF-BUDGET ACCOUNTS

JULY 2009

This publication was produced for review by the United States Agency for International Development.

OFF-BUDGET ACCOUNTS



Management Systems International Corporate Offices

600 Water Street, SW
Washington, DC 20024

Contracted under Agreement No. 6043-001-53-14

Philippines National Budget Monitoring Project

This publication is made possible by the generous support of the American people through the United States Agency for International Development (USAID) and Management Systems International (MSI). The contents are the responsibility of INCITEGov and do not necessarily reflect the views of MSI, USAID or the United States Government.

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I. INTRODUCTION

One of the key elements of a sound budget system is comprehensiveness, i.e., all accounts and financial transactions are adequately reported in the government budget. This is to ensure full transparency of financial accounts and to safeguard government funds from unscrupulous practices. In many instances, however, certain government transactions are allowed to be separately accounted for outside the budget. In the Philippines, this is principally done to facilitate the utilization of funds, ascertain the availability of funds when needed, and ensure that the funds are used for the specific purpose intended.

This paper aims to provide a short background on the nature and status of off-budget accounts (OBAs) in the Philippines with the view towards initiating an advocacy for greater transparency in government financial operations.

II. BUDGETARY AND OFF-BUDGET ACCOUNTS

Government financial accounts can be classified into:

1. Budgetary accounts, representing transactions reflected in the annual national budget proposal. Budgetary accounts are further classified into:
 - a. Those annually appropriated through the General Appropriations Act (GAA);
 - b. Those automatically appropriated and are, therefore, outside the GAA but are part of the annual budget program of the government; and
 - c. Those automatically appropriated, are not part of the annual budget program, but are generally reported in the annual budget documents. These, in effect, augment the revenues of the authorized agency beyond that reported in the usual budget statements. These are also called extra-budgetary funds. Appendix A shows the list of extra-budgetary funds authorized for various agencies in FY 2009.
2. Off-budget accounts (OBAs), representing authorized transactions that are not reported in the annual budget documents but are covered by the regular audit of the Commission on Audit (Appendix B and Appendix C).

Clearly, therefore, government agencies have bigger financial accountabilities than what is implied in the regular budget documents submitted to Congress. Specifically, extra-budgetary and off-budget accounts effectively increase agency resources without much public scrutiny.

III. DEFINITION OF OFF-BUDGET ACCOUNTS

For purposes of this paper, "off-budget accounts" (OBAs) refer to accounts and funds that are not subject to annual appropriations by Congress and are accounted for separately under a different set of books. There is no need for an annual Congressional budget authority because Congress has previously authorized the continuous use of the funds for the purpose indicated. Separate books of account are required to specifically account for receipts as well as the utilization of funds.

The bulk of OBAs are earmarked revenues, i.e., revenue receipts where the specific uses are already predetermined by law. Sound budgeting principles discourage revenue earmarking inasmuch as it constrains resource allocation decisions based on current economic need. Still, public sector budgeting is replete with examples of earmarking of revenues for various reasons.

IV. EVOLUTION OF OFF-BUDGET ACCOUNTS IN THE PHILIPPINES

OBAs have been a permanent fixture of government budgets in the Philippines from the time the budgeting and accounting system was installed in the country. Early accounts of OBAs talked of separate books kept for separate purposes in many agencies, mostly to account for receipts from authorized collections retained by the collecting unit as well as reparation payments after 1946. Many attempts have been made by various administrations in power to consolidate said accounts for more effective resource allocation. However, such attempts were basically negated by subsequent legislations authorizing new OBAs.

In 1977, the martial law government of the Marcos Administration succeeded in consolidating a substantial number of independent accounts under the General Fund of the government. Some 320 accounts were closed and the fund balances transferred to the General Fund by virtue of Presidential Decree No.1177. For a while, the policy held up, but by the early 1980's, OBAs reared their ugly heads again as new directives effectively reversed the avowed fund consolidation policy.

In 1987, the newly-installed Aquino Administration moved to clean government books and purged several accounts considered to have outlived their usefulness. Included in this account-cleaning effort was the strict implementation of the "one-fund concept" in budgeting initially promulgated in 1977. As in the past, a Presidential directive was issued mandating all agencies keeping separate accounts (including bank accounts) to transfer unauthorized or expired balances to the National Treasury. A similar directive was issued by the Ramos Administration in 1996 to reiterate the one fund policy and discourage attempts to create new OBAs. Furthermore, to strengthen government resolve, the Ramos Administration likewise mandated and required all agencies to provide adequate disclosures of retained OBAs in the agency financial reports.

V. MAJOR OFF-BUDGET ACCOUNTS

In an unpublished study on the Public Expenditure and Financial Accountability (PEFA) on the Philippine public financial management system, the World Bank determined that OBAs represent less than 5% of the national budget and therefore not a major accountability concern. Nonetheless, these accounts are highly vulnerable to improper, if not illegal, acts on account of the generally non-transparent nature of their operations. To safeguard the integrity of the funds, there is a need to advocate for more transparency, efficiency and effectiveness in the operations of OBAs .

Among the major OBAs are the following:

1. **Municipal Development Fund.** This is a loan revolving fund set up to provide credit to local government units. Every year, the national government appropriates additional money to the equity of the Fund, and this added equity is properly reflected as expenditure of the national government and income of the Fund. Loan repayments, however, are retained as Fund Balance and used as credit assistance to LGUs without

being included in the national budget. The average amount disbursed out of loan repayments in 2006-2007 was P 380 million.

2. President's Social Fund. This is funded by fixed percentage contributions from the income of two (2) government corporations, namely, the Philippine Amusements and Gaming Corporation and the Philippine Charity Sweepstakes. The Fund is used as a discretionary purse for various social advocacies of the President, including direct assistance to the poor. The amount disbursed annually depends on actual receipts. In 2007, more than P600 million was disbursed from the Fund.
3. Manila Economic and Cultural Office (MECO). MECO is a government entity with a private character. It was created during the Aquino Administration to perform consular functions in Taiwan in behalf of the government. MECO reports directly to the Office of the President and its funds are supposed to be used for various economic and cultural purposes. There is no publicly available record of MECO financial accounts. It is reported, however, that Taiwan has one of the busiest consular operations in Asia, earning at least P100 million per year for the national government.
4. NABCOR Trust Funds. The National Agribusiness Corporation was created during the Marcos Administration as the business arm of the Department of Agriculture (DA). Subsequently, it was used as a conduit for various appropriations of the DA to implement various projects. The circuitous way by which DA funds are utilized through NABCOR have been the subject of curiosity among DA watchers. Specifically, determining the actual use of NABCOR-administered funds poses an interesting challenge to accountants and analysts in the absence of publicly available data.

VI. MAJOR ISSUES: OFF-BUDGET ACCOUNTS

There is no official list of off-budget accounts readily available from government documents. An analysis of documents from various sources, however, yielded a good list of various accounts and funds not generally found in publicly available records. Appendix B and C show the list of OBA items gathered so far.

The search for OBAs revealed the following:

1. Despite the many efforts in the past to consolidate government accounts, OBAs continue to proliferate. As of December 2007, about 367 OBAs have been identified from various data sources.
2. The amount involved is fairly large (P 56 billion) although small (4%) relative to the national budget confirming World Bank's 2008 PEFA report. Still, said amount is sufficiently large for the implementing agency involved and, thus, demands major improvements in financial oversight.
3. There is a great degree of variance in the accounting treatment of OBAs leading to a highly complex and confusing system of classification. The classification of OBAs essentially stem from the legal definition of the transaction rather than the more appropriate application of accepted accounting standards. Thus, an account that should more properly be classified under Revolving Funds are classified as Special Accounts simply because the law said so.

4. The internal control procedures for most OBAs are generally lax, understandably due to the flexible disbursement arrangement authorized for their use. In almost all instances, the mere order and signature of at most two officials are necessary to disburse funds.
5. Some OBAs involve huge amounts, necessitating stronger oversight from authorities, if not outright inclusion in regular budgetary accounts.

VII. SAFEGUARDING THE INTEGRITY OF OBAS

Because OBAs are an integral part of public financial management, there is a need to promote the integrity of OBA financial management. Arguably, some OBAs are better managed than others although this argument will have to be sustained by independent analysis. In the absence of publicly available and understandable information on their operations, however, doubts on their proper use will linger in the perception of the general public. At the end of the day, public officials are ultimately responsible for the funds entrusted to them. As such, a more transparent and responsive financial management system for OBAs needs to be instituted as soon as possible.

VIII. MOVING FORWARD

The work involved in generating a full accounting of OBAs in the government remains tremendous. The initial list provided in this study, however, is expected to serve as an eye-opener to the otherwise "hidden" accounts in the national government. Subsequent work will require a more intensive analysis of the exact nature of the accounts, their sustainability, their usefulness and the quality of their financial management. In particular, follow up activities will have to be undertaken in the future to:

1. Simplify the existing fund accounting system to minimize the creation of accounts that escape the normal budgeting, accounting, reporting and audit net.
2. Transfer of highly vulnerable OBAs to the regular budgetary accounts except under clearly justifiable grounds.
3. Standardization of funds classification in the government for greater clarity and uniformity. Thus, appropriate internationally-accepted accounting classifications can be adopted, and legal definitions can be aligned with the proper account classification system.
4. More intensive analysis of the major OBAs, including provisions for full accounting, reporting and audit.

APPENDIX A- EARMARKED REVENUES, FY 2009 (IN THOUSAND PESOS)

B.16
EARMARKED REVENUES, 2009
(In thousand pesos)

Department/Agency/Fund	Legal Basis	Particulars	Balance as of 31 Dec 2007	2009	
				Revenues	Expenditure
I. GENERAL FUND - PROPER				8,273,554	8,227,660
A. USE OF INCOME				8,273,554	8,227,660
DEPARTMENT OF AGRARIAN REFORM					
Office of the Secretary Fund for Agrarian Reform Education (FARE)	RP-US Agreement PL480	Interest income from investment in T Notes/Bills - \$1.3M deposited by US with the BTr in 1971		2,924	2,357
DEPARTMENT OF FINANCE					
Bureau of Internal Revenue	E.O. 1042	Income from fines and penalties for violation related to printing and issuance of receipts and invoices and other violations of the National Internal Revenue Code		50,000	50,000
DEPARTMENT OF FOREIGN AFFAIRS					
Office of the Secretary DFA Building Fund	E.O. 292	10% of estimated 2007 Consular Income (i.e. Passport Services, VISA, Notarial, Sale of Forms and Authentication Fees)		308,596	308,596
DEPARTMENT OF HEALTH					
Bureau of Quarantine and International Health Surveillance	RA 9271	50% of Income from Quarantine Services		<u>208,183</u> 35,700	<u>208,183</u> 35,700
Bureau of Food and Drugs	RA 9502	Income collection from fees, fines, royalties and other charges		172,483	172,483
DEPARTMENT OF JUSTICE					
Office of the Solicitor General	RA 9139	Income collection from filing fees		2,443	2,443
DEPARTMENT OF SCIENCE AND TECHNOLOGY					
Philippine Science High School	R.A. 9036	Fees generated from school related activities		<u>6,402</u> 4,252	<u>6,250</u> 4,100
Industrial Technology Development Institute	R.A. 9236	50% of the fees and charges collected from the meteorological work and calibration services of the National Board and Industrial Technology Development Institute.		2,150	2,150
DEPARTMENT OF SOCIAL WELFARE AND					

B.16
EARMARKED REVENUES, 2009
(In thousand pesos)

Department/Agency/Fund	Legal Basis	Particulars	Balance as of 31 Dec 2007	2009	
				Revenues	Expenditure
DEVELOPMENT					
Inter-Country Adoption Board	R.A. 8043	Assessment and processing fees collected from the Prospective Adoptive Parents.		34,230	19,532
DEPARTMENT OF TRANSPORTATION AND COMMUNICATION					
Maritime Industry Authority	R.A. 9295	Fees and charges relative to the implementation of "The Domestic Shipping Development Act of 2004"		310,950	310,950
OTHER EXECUTIVE OFFICES					
Philippine Racing Commission	P.D. 420	1% share from gross receipts from total sale of tickets for daily double, llave, forecast, jackpot and other similar events .		109,361	78,884
AUTONOMOUS REGION IN MUSLIM MINDANAO					
	R.A. 6734/ R.A. 9054	Shares of ARMM from BIR collections on taxes imposed on DENR's forest charges, Travel Tax, Contractor's Tax and Interests on Deposits.		660,000	660,000
LOCAL GOVERNMENT UNITS					
Special Shares from Collections of BIR, DENR and DOE, pursuant to existing laws Bureau of Internal Revenue				<u>6,580,465</u>	<u>6,580,465</u>
	RA 7160	40% of Mining Taxes		<u>6,428,338</u>	<u>6,428,338</u>
	RA 7171	15% of Excise Tax collections on Virginia Tobacco		258,400	258,400
	RA 8407/ RA 7963	20% share from VAT/Franchise Tax paid by Manila Jockey Club, Inc. & Phil. Racing Club, Inc., for Makati and Manila		465,412	465,412
	RA 7644 RA 7227	20% of 50% of VAT collections by municipalities		7,000	7,000
	DILG-DOF-DBM JC 99-2	2% of 5% tax on gross income of businesses within Ecozones		5,433,000	5,433,000
	RA 7156	2% Special Privilege Tax on Hydro Electric Plants		156,000	156,000
				12,000	12,000

B.16
EARMARKED REVENUES, 2009
(In thousand pesos)

Department/Agency/Fund	Legal Basis	Particulars	Balance as of 31 Dec 2007	2009	
				Revenues	Expenditure
	PD 87	40% Royalty fees from Energy Resources Production		96,526	96,526
Department of Environment and Natural Resources				<u>152,127</u>	<u>152,127</u>
Office of the Secretary	RA 7160	40% of Forest charges		98,483	98,483
Mines and Geo-Sciences Bureau	RA 7160	40% of 90% Royalty Fees from mineral reservations		53,644	53,644
II SPECIAL ACCOUNTS IN THE GENERAL FUND			<u>38,223,989</u>	<u>37,424,311</u>	<u>16,691,306</u>
A. ANNUALLY APPROPRIATED			<u>752,060</u>	<u>279,611</u>	<u>176,269</u>
DEPARTMENT OF AGRICULTURE			<u>334,036</u>	<u>101,826</u>	<u>40,000</u>
Fertilizer and Pesticide Authority	PD 1144	Franchising and licensing, permit, registration fees, fines and penalties	278,704	28,044	-
Livestock Development Council	BP 1516	Registration fees of large cattle (i.e., cows and carabaos) with LGUs	2,740	3,000	-
National Meat Inspection Service	RA 9296	50% of the collections from fees, fines and charges for the first five (5) years for the establishment of the Meat Inspection Service Development Fund.	52,592	70,782	40,000
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES					
Mines and Geosciences Bureau	RA 7942	10% of royalties from mineral reservations	28,960	20,000	20,000
DEPARTMENT OF LABOR AND EMPLOYMENT			<u>38,088</u>	<u>116,395</u>	<u>114,502</u>
Office of the Secretary	EO 1022	Verification fees - Overseas Employment /Foreign Posts	31,928	105,695	103,852
National Conciliation and Mediation Board	RA 6715	Collective Bargaining Agreement Registration Fees	6,160	450	400
National Labor Relations Commission	RA 9347	Fees and miscellaneous income		10,250	10,250
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY					
Statistical Research and Training Center	EO121	Interest on Public Investments/T Bills w/ Phil. Veterans			

B.16
EARMARKED REVENUES, 2009
(In thousand pesos)

Department/Agency/Fund	Legal Basis	Particulars	Balance as of 31 Dec 2007	2009	
				Revenues	Expenditure
Endowment Fund		Bank Seed Fund from the Natl Govt of P13 M	1,638	4,390	1,767
OTHER EXECUTIVE OFFICES					
Housing and Land Use Regulatory Board	EO 648 /EO 90	Registration fees, inspection license, clearance, and permit fees on materials and improvement of facilities/ amenities, from housing and real estate developers, brokers, salesmen, dealers, homeowners associations.	349,338	37,000	-
B. AUTOMATICALLY APPROPRIATED			<u>37,471,929</u>	<u>36,720,944</u>	<u>16,091,281</u>
DEPARTMENT OF AGRICULTURE					
Office of the Secretary					
Agricultural Competitiveness Enhancement Fund	RA 9496	Collection of the Bureau of Customs from the importation of agri-products within minimum access volume	6,253,034	-	843,018
DEPARTMENT OF ENERGY					
Office of the Secretary			<u>17,756,464</u>	<u>23,534,009</u>	<u>4,131,450</u>
Local Programs - Fund 151			17,719,065	<u>23,533,979</u>	473,012
	PD 972	Coal production of Semirara Coal Corporation		219,081	
	PD 1442	Geothermal operations of PNOC-EDC		699,000	
	PD 1234	Miscellaneous (Laboratory/testing fees/energy audit)		5,940	
	PD 87/910	Production of petroleum from:			
		Oil-Matinioc, Nido, Libertad		361,152	
		Gas -San Antonio		354	
		Camago-Malampaya Oil Leg		-	
		Production of Petroleum from Gas-Malampaya		22,248,452	3,658,438
Technology Transfer Energy Management Program (TTEM) - Fund 152	RA 7638	USAID Grant, reflows/repayments from TTEM Loan Fund Interest income from demonstration loan funds to commercial and industrial establishments using energy efficiency devices.	37,399	30	-
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES					
Office of the Secretary -			<u>214,251</u>	<u>47,586</u>	<u>47,586</u>

B.16
EARMARKED REVENUES, 2009
(In thousand pesos)

Department/Agency/Fund	Legal Basis	Particulars	Balance as of 31 Dec 2007	2009	
				Revenues	Expenditure
Protected Areas and Wildlife Bureau National Integrated Protected Areas System (NIPAS)	RA 7586	Income from gate collections and use of the facilities, operations or management of the different wild flora and fauna under NIPAS	17,258	12,586	12,586
Environmental and Management Bureau Air Quality Management Fund		Fines and penalties collected by EMB and LTO related to the implementation of the Philippine Clean Air Act	<u>196,993</u>	<u>35,000</u>	35,000
	RA 8749	EMB LTO	54,644 142,349	9,500 25,500	
DEPARTMENT OF FINANCE			<u>2,616,459</u>	<u>1,189,025</u>	<u>858,040</u>
Bureau of Internal Revenue	PD 1991	Refund of Taxes		500,000	500,000
Bureau of Customs			<u>199,279</u>	<u>343,960</u>	<u>260,000</u>
	E.O. 592	25% of income from the Container Security Fee (CSF)	54,480	315,111	240,000
	E.O. 230	Income from the service fees on shipments of qualified importers using the Super Green Lane facility	144,799	28,849	20,000
Insurance Commission Insurance Commission Fund	RA 8421/PD 612	25% share in the Premium Tax collections of BIR	2,417,180	345,065	98,040
DEPARTMENT OF HEALTH					
Office of the Secretary		Share from Franchise Tax/VAT collected by Phil. Racing Club, Inc. and Manila Jockey Club, Inc.		28,180	28,180
DEPARTMENT OF JUSTICE			<u>3,813,798</u>	<u>665,112</u>	<u>346,425</u>
Office of the Secretary	RA 9279	Legal Fees	36,320	135,000	135,000
Land Registration Authority	PD 1529	20% of land registration fees/collections of the Register of Deeds of LGUs and LRA	3,713,552	526,986	208,299
Office of the Solicitor General			<u>63,926</u>	<u>3,126</u>	<u>3,126</u>
	PD 736, LOI 270 EO 292 /482 RA 9139	Certification fees and oath taking fees of naturalized aliens	63,926	219	219

B.16
EARMARKED REVENUES, 2009
(In thousand pesos)

Department/Agency/Fund	Legal Basis	Particulars	Balance as of 31 Dec 2007	2009	
				Revenues	Expenditure
	RA 9417	50% of fees collected by the Special Committee on Naturalization under RA 9139 and all other income from fees	-	2,907	2,907
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS					
Office of the Secretary	RA 8794	LTO - Motor Vehicle User Charge (MVUC) Tax collections	2,085,574	8,306,500	7,299,564
Special Road Support Fund		80% of MVUC (Fund 151)	940,801	7,184,000	6,313,137
Special Local Road Fund		5 % of MVUC (Fund 152)	746,877	449,000	394,571
Special Road Safety Fund		7.5% of MVUC (Fund 153)	397,896	673,500	591,857
DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS			<u>2,884,658</u>	<u>1,132,011</u>	<u>895,701</u>
Office of the Secretary					
Special Vehicle Pollution Control Fund	RA 8794	7.5% of MVUC (Fund 151)	2,334,033	673,500	602,550
Land Transportation Office					
Seat Belt Use Fund	RA 8750	Fines imposed for the enforcement of RA 8750.	53,790	42,215	33,413
Office of Transportation Security					
National Council for Civil Aviation Security	LOI-414 A EO 277	Aviation security fees (part of the terminal fees) collected from passengers, both domestic and international airport	496,835	416,296	259,738
DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT			<u>4,573</u>	<u>325,986</u>	<u>325,986</u>
Office of the Secretary	RA 5416	Income from grants and donations (foreign and local)		25,986	25,986
Council for the Welfare of Children and Youth	RA 8980	Donations from PAGCOR.	4,573	300,000	300,000
OTHER EXECUTIVE OFFICES			<u>1,841,884</u>	<u>1,477,535</u>	<u>1,300,331</u>
Commission on Higher Education					
Higher Education Development Fund	RA 7722	40 % of Travel Tax collections of PTA 30% of the Registration Fees collected by PRC 1% of the gross sales of Lotto operations of PCSO Donations from GFIs/Private Institutions	1,535,602	885,000 800,000 35,000 50,000	854,000
Dangerous Drugs Board			15,000	77,000	77,000

B.16
EARMARKED REVENUES, 2009
(In thousand pesos)

Department/Agency/Fund	Legal Basis	Particulars	Balance as of 31 Dec 2007	2009	
				Revenues	Expenditure
	RA 9165	25% of the unclaimed prizes of Phil Racing Club Inc. and Manila Jockey Club Incorporated		5,000	
		P1M per month from Philippine Charity Sweepstakes Office		12,000	
		PSM per month from PAGCOR		60,000	
Film Development Council of the Philippines			<u>56,252</u>	<u>117,899</u>	<u>30,889</u>
	RA 9167	Registration Fees i.e., application for film grading and seminar workshops	840	1,060	1,000
		Amusement Taxes	55,412	116,839	29,889
Games and Amusement Board			<u>4,885</u>	<u>8,750</u>	8,750
	PD 871	3% of gross gate receipts - boxing, karate, wrestling		200	
		3% of gate receipts basketball / other professional games		2,550	
		3% share on gross radio/TV coverages - professional games		6,000	
National Commission on Culture and Arts National Endowment Fund for Culture and Arts			230,145	<u>362,361</u>	304,430
	RA 7356	10 % of Travel Tax collections of PTA		290,000	
		Interest Income on Treasury Bills		72,361	
Philippine Sports Commission	RA 6847	Share from franchise tax/VAT on horse races paid by: Manila Jockey Club, Inc.		<u>26,525</u>	25,262
		Philippine Racing Club, Inc.		14,109	
		Bureau of Customs		9,030	
				3,386	
BUDGETARY SUPPORT TO GOVERNMENT CORPORATIONS			<u>1,234</u>	<u>15,000</u>	<u>15,000</u>
Cultural Center of the Philippines	Sec. 143 of PD 69; NIRC Act 2613, amd. by Act 3179	50% Tobacco Inspection Fees collected by BIR of the immediately preceding year		5,000	5,000
Philippine Coconut Authority	PD 1234	Fees collected from coconut oil manufacturers	1,234	10,000	10,000
C. FOREIGN GRANTS				<u>423,756</u>	<u>423,756</u>
DEPARTMENT OF AGRICULTURE					
National Agricultural and Fishery Council	Japan Grant	KR II: RP-Japan Increased Food Production			

B.16
EARMARKED REVENUES, 2009
(In thousand pesos)

Department/Agency/Fund	Legal Basis	Particulars	Balance as of 31 Dec 2007	2009	
				Revenues	Expenditure
		(Various Programs)		268,175	268,175
DEPARTMENT OF ENERGY				<u>67,169</u>	<u>67,169</u>
Office of the Secretary	WB-GEF TF-052188	Rural Power Project		60,165	60,165
	WB-GEF TF-053360 PH	Electric Cooperative System Loss Reduction Project		7,004	7,004
DEPARTMENT OF TRADE AND INDUSTRY					
Office of the Secretary	IFAD	Rural Micro Enterprises Promotion Program		4,715	4,715
OTHER EXECUTIVE OFFICES				<u>83,697</u>	<u>83,697</u>
National Commission on the Role of Filipino Women	CIDA - A030598	Gender-Responsive Economic Actions for the Transformation of Women (GREAT Woman) Project		80,522	80,522
	UNFPA - PHLG101	Strengthening Government Mechanisms in Mainstreaming Gender Perspective in Reproductive Health, Population and Anti-VAW Programs		3,175	3,175
TOTAL EARMARKED REVENUES			<u>38,223,989</u>	<u>45,697,865</u>	<u>24,918,966</u>

Note: IRA excluded

APPENDIX B - LIST OF OFF-BUDGET ITEMS, FY 2007 (IN THOUSAND PESOS)

Department/Agency/ Fund	Particulars	Legal Basis/ Source of Data	Earmarked Revenues - Appropriated Annually		Off Budget Items - Automatic Appropriations (Earmarked Revenues)			Others	Remarks/Details	Excerpts of the legal basis
			Use of Income-GF	Special Account	Enabling Laws	GOCC Charters	Others			
I. OFFICE OF THE PRESIDENT										
	Special Account	NEP-DBM				33,874			Automatic Appropriations- Represents income from the Office of the President's bus service fares, entrance fees to the Presidential Museum, income from sale of unserviceable equipment and the 10% bid bonds of the winning bidders to be used for the: 1) Repair & maintenance of shuttle buses; 2) Improvement of the Presidential Museum; 3) Repair of equipment; and 4) honorarium of the members of the Bids and Awards Committee	
	Other Service Income including Fines/Penalties	SIE-AR						9,317		
	Interest Income	SIE-AR						4,047		
	Miscellaneous Income	SIE-AR						3,258		
	PAGCOR's/PCSO's share	PD 1869 as amended by RA 9487	S E-AR			1,064,178			For the President Social Fund, PD 1869 date July 11, 1983: The PSF initially funded the "Isang Bayan, Isang Product, Isang Milyong Piso" (One Town, One Product, One Million Peso) Program, EO 176 s. 2002: P1M loan to every city or municipality, 65 interest from LBP	
	Donations received from:									
	1. Manila Economic and Cultural Office (MECO)	Sec 13, GAA 2007- recom AR						80,000		
	2. Others - no specifics	Sec 13, GAA 2007- recom AR						5,000		
	3. for Typhoon Reming	Sec 13, GAA 2007- recom AR						1,000		
	Grant Proceeds	NEP-DBM						2,541		
	Proceeds from sale of unserviceable equipment	NEP-DBM						152		
II. DEPARTMENT OF AGRARIAN REFORM										
1. Office of the Secretary	Fund for Agrarian Reform Education	RP-US Agreement PL480	Income - GF							
	Interest income from PL480 \$1.3M									
	Grant Proceeds	SIE - AR						12,220	Fund 171= PCARCDP; CMARPRP; EARBETS; ICTP; WMCIP and NMCIREMP; P: PAPANRA; SARDIC; FAD: CIRDAP	
	Interest income	SIE - AR						869		
	Miscellaneous Income	SIE - AR						3		
	Sale of disposed assets	SIE - AR						49		
2. National Commission on Indigenous Peoples	Subsidy from Other Funds/Other Agencies	SIE -AR				100				
	Special Account	NEP- DBM				6,000			Automatic appropriation	
	Income from Grants & Donation	SIE -AR						1,981		
	Interest Income	SIE -AR						221		
	Miscellaneous Income	SIE -AR						134		
	Receipt of Funds from:	SCF- AR								
	ARCDP/JSDP	SCF				113				
	NCCA	SCF				49				
	DA	SCF				272				
III. DEPARTMENT OF AGRICULTURE										
1. Office of the Secretary										
Agricultural Competitiveness Enhancement Fund	Collection of the Bureau of Customs from the importation of agri-products within minimum access volume	RA 9496; Automatic Appropriation				1,400,655			ACEF Committee in charge of scheduling amortization/ restructuring. A total of P725M, was released to NABCOR (P225,2M) and BPHRE (P500M) comprising 52% of the P1.4B total ACEF subsidy for 2007. Implementation of Nabcor is via an "Acquire-Operate -Train -Recoup- Divest" scheme. As of 2007 total transfer of funds by DA to NABCOR amounted to P1B	
	Permit fees	SIE						510		
	Clearance & Certification fees	SIE						1,534		
	Inspection Fees	SIE						56,958		
	Medical, Dental & Lab Fees	SIE						2,469		
	Seminar Fees	SIE						1,189		
	Other Service Income	SIE						521		
	Fines & Penalties-other Service Income	SIE						5		

Department/Agency/ Fund	Particulars	Legal Basis/ Source of Data	Earmarked Revenues - Appropriated Annually		Off Budget Items - Automatic Appropriations (Earmarked Revenues)			Others	Remarks/Details	Excerpts of the legal basis
			Use of Income-GF	Special Account	Enabling Laws	GOCC Charters	Others			
	Income from Dorm Operations	SIE						2,454		
	Printing and Publication Income	SIE						67		
	Rent Income	SIE						580		
	Other Business Income	SIE						7,254		
	Grants and Donations	SIE					14,610			
	Interest Income	SIE						155		
	Miscellaneous Income	SIE						8,842		
	Other Fines and Penalties	SIE						270		
2. Fertilizer and Pesticide Authority										
	Franchising and Licensing, permit, registration fees, fines and penalties	PD 1144; Special Account-Automatic Appropriations		363					Uncollected fines and penalties	SECTION 11. Appropriation. The sum of One Million and Two Hundred Thousand (P1 2 Million) Pesos shall, in addition to what has been appropriated for the Fertilizer Industry Authority for the Calendar Year 1977, be released out of any funds in the National Treasury not otherwise appropriated. For every calendar year thereafter, such sums as may be necessary for the operations of the FPA shall be included in the General Appropriations Decree.
	Franchising and Licensing Fees	SIE		13,438						Any provision of existing law to the contrary notwithstanding, the FPA may impose fees or receive grants, subsidies, donations, or contributions from any entity and retain such funds for its operation.
	Permit Fees	SIE		2,709						
	Registration Fees	SIE		19,092						
	Fines and Penalties – Permits and Licensing	SIE		1,282						
	Grants and Donations	SIE		65						
	Miscellaneous Income	SIE		269						
3. Livestock Development Council										
4. Livestock Development Fund	Registration fees of large cattle, cows & carabaos with LGUs	PD 914/ BP 1516	Sp Acct- AAppro	1,186					The P3.00 collections is divided into: P1 for the municipality concerned; P2 for the Fund of which P1 for the cost to carry the function of the Council and P1 for accrediting private organizations or associations. The amount is recorded under miscellaneous income	
5. National Meat Inspection Service										
	50% of the collections from fees, fines and charges for the first five years for the establishment of the Meat Inspection Development Fund		Sp Acct- AAppro							
IV. DEPARTMENT OF BUDGET AND MANAGEMENT										
1. Office Of The Secretary										
	Proceeds from Sale of Unserviceable Equipment	NEP-DBM						31		
	Grant Proceeds						29,710			
V. DEPARTMENT OF EDUCATION										
1. Office Of The Secretary										
	Grant proceeds	NEP-DBM					12,255			
Early Childhood Care and Development Fund	PAGCOR SHARE	RA 8980				458,273			estimated amount, PCIJ data	
	Fines & Penalties-National Taxes	SIE						3		
	Registration Fees	SIE						14,403		
	Clearance & Certification Fees	SIE						7		
	Comprehensive Exam Fees	SIE						1		
	Library Fees	SIE						3		
	Processing Fees	SIE						1		
	Seminar Fees	SIE						63,993		
	Transcript of Records Fees	SIE						0		
	Other Service Income	SIE						18,195		
	Fines/Penalties – OSI	SIE						13		
	Income from Canteen Operations	SIE						4,841		
	Income from Dormitory Operations	SIE						196		
	Rent Income	SIE						966		
	Tuition Fees	SIE						159		
	Other Business Income	SIE						8,429		
	Dividend Income	SIE						2		
	Grants and Donations	SIE					833,401			
	Interest Income	SIE						1,200		
	Miscellaneous Income	SIE						17,135		
	Other Fines and Penalties	SIE						1,292		
	Collaboration with LGUs and NGOs for the repair, rehabilitation or construction of school buildings									
VI. DEPARTMENT OF ENERGY										
1. Office Of The Secretary										
	ER 1-94	SCF				3,380,609			ER 1-94 - collection of one centavo per kilowatt-hour (KWH) of the total	

Department/Agency/ Fund	Particulars	Legal Basis/ Source of Data	Earmarked Revenues - Appropriated Annually		Off Budget Items - Automatic Appropriations (Earmarked Revenues)			Others	Remarks/Details	Excerpts of the legal basis
			Use of Income-GF	Special Account	Enabling Laws	GOCC Charters	Others			
									electricity sales of the energy/power generating facility to provide financial benefits to the host LGU/communities.	
	OPSF	SCF			227,095				PD 1956	
	GSTLF	SCF			60,646				RA 8479 sec. 10 - Gasoline Station Training & Loan Fund- Seminar & Testing Fees (GSTLF)	
	DAR-Spot Project				5,476				JC No. 9-81/MOA - DAR SPOT Project	
	Coal Production of Semirara Coal Corp	PD 972; Automatic appropriations Fund 151								
	Geothermal Operations of PNOC-EDC	PD 1442; Automatic appropriations Fund 151								
	Miscellaneous (laboratories/testing fees/ energy audit)	PD 1234; Automatic appropriations Fund 151								
	Production of Petroleum Oil from:	PD 87 / PD910; Automatic appropriations Fund 151								
	a. Oil Matinloc, Nido, Libertad GAs - San Antonio	Automatic appropriations Fund 151								Forest land grazing mgt agreement sharing agreement
	b. Camago-Malampaya Oil Leg	Automatic appropriations Fund 151								
	c. Production of Petroleum from Gas - Malampaya	Automatic appropriations Fund 151								
	Grant Proceeds	NEP-DBM						33,471		
	Special Account	NEP-DBM						677,400		
	Interest Income	SIE							14,899	Escrow account at PNB re WB GEF Trust Grant for the Partial Credit Guarantee Fund
	Miscellaneous Income								11	
2. Technology Transfer Energy Management Program 152	USA D Grant: interest income from demo loan funds to commercial and industrial establishments using energy efficiency devices	RA 7638; Automatic appropriations Fund 151								
VII DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES										
1. Office Of The Secretary										
	Special Account	NEP-DBM			13,626					
	Proceeds from Sale of Unserviceable Equipment	NEP-DBM							861	
	User's Fee for Grazing Lands	AR-Notes								Forest land grazing mgt agreement sharing agreement
	Permit/inspection/seminar fees	SIE-AR							3,390	
	Service/rent/bus./dorm/interest/miscellaneous income	SIE-AR							2,337	
	Income from grants & donation	SIE-AR						21,686		
	Sale of Confiscated/abandoned/seized goods & properties	SIE-AR							1,511	
	40% of Forest charges	RA 7160; Income-GF								
	Permit fees	SIE							2	
	Other Permits and Licenses	SIE							433	
	Inspection Fees	SIE							128	
	Seminar Fees	SIE							2,827	
	Other Service Income	SIE							142	
	Fines & Penalties – Service Income	SIE							2	
	Income from Dormitory Operations	SIE							23	
	Rent Income	SIE							151	
	Other Business Income	SIE							244	
	Grants & Donations	SIE						21,686		
	Interest Income	SIE							424	
	Sale of Confiscated Abandoned/ Seized Goods and Properties	SIE							1,511	
	Miscellaneous Income	SIE							1,351	
	Other Fines and Penalties	SIE							33	
2. Protected Areas and Wildlife Bureau										
National Integrated Protected Areas system (NIPAS)	Income from gate collections and use of facilities, operations or management of the different wild flora and fauna under NIPAS	RA7586, Automatic appropriations Fund								
3. Environmental and Management Bureau										
Air Quality Management Fund	Fines and Penalties collected by EMB and LTO related to the implementation Phil Clean Air Act	RA 8749; Automatic appropriations Fund								
Environmental Revolving Fund	Trust Account: fines and penalties	PD 1586, Phil Clean Air Act of 1999; Special Account 155								ECC
	Fines and Penalties- Permits & Licenses	SIE							3,145	
	Clearance and certification Fees	SIE							21	
	Seminar Fees	SIE							88	

Department/Agency/ Fund	Particulars	Legal Basis/ Source of Data	Earmarked Revenues - Appropriated Annually		Off Budget Items - Automatic Appropriations (Earmarked Revenues)			Others	Remarks/Details	Excerpts of the legal basis
			Use of Income-GF	Special Account	Enabling Laws	GOCC Charters	Others			
	Other Service Income	SIE						191		
	Fines and Penalties – Service Income	SIE						42,229		
	Grants and Donations	SIE					2,184			
	Interest Income	SIE						104		
	Miscellaneous Income	SIE						76		
	Donations	SIE					4,779			
4. Mines and Geo-Sciences Bureau										
	40% out of the 90% royalty fees from mineral reservations	RA 7160: Income-GF								
	10% of the royalties from mineral reservations	RA 7942: Special Account-GF appropriated annually								Fund 105 - Tax Refund Transactions - DOF & DBM JC No. 3-91 dated Nov. 4, 1991
										RA 7942- Sec 5--A ten per centum (10%) share of all royalties and revenues to be derived by the government from the development and utilization of the mineral resources within mineral reservations as provided under this Act shall accrue to the Mines and Geosciences Bureau to be allotted for special projects and other administrative expenses related to the exploration and development of other mineral reservations mentioned in Section 6 hereof.
										Section 17, Royalty Payments for Indigenous Cultural Communities. In the event of an agreement with an indigenous cultural community pursuant to the preceding section, the royalty payment, upon utilization of the minerals shall be agreed upon by the parties. The said royalty shall form part of a trust fund for the socioeconomic well-being of the indigenous cultural community.
	Mine Waste and Tailing Fees								The fund is used to compensate for any damages caused by mining operations.	Section 85 Mine Wastes and Tailings Fees. A semi-annual fee to be known as mine wastes and tailings fee is hereby imposed on all operating mining companies in accordance with the implementing rules and regulations. The mine wastes and tailings fee shall accrue to a reserve fund to be used exclusively for payment for damages to: a. Lives and personal safety; b. Lands, agricultural crops and forest products, marine life and aquatic resources, cultural resources; and c. Infrastructure and the revegetation and rehabilitation of silted farm lands and other areas devoted to agriculture and fishing caused by mining pollution. This is in addition to the suspension or closure of the activities of the contractor at any time and the penal sanctions imposed upon the same. The Secretary is authorized to increase mine wastes and tailings fees, when public interest so requires, upon the recommendation of the Director.
	Grants & Donations	SIE					1,168			
	Other Business Income	SIE						148		
	Dividend Income	SIE								
	Interest Income	SIE								
	Rent Income	SIE						36		
	Fines & Penalties – Service Income	SIE						68		
	Seminar Fees	SIE						882		
	Miscellaneous Income	SIE						3,587		
	Other Fines & Penalties	SIE						6		
5. National Mapping And Resource Information Authority										Fund 152 - Incentive Fund for exceeding collection - EO 1042 as amended by PD 1991
	Proceeds from Sale of Unserviceable Equipment							2,200		
	Dividend Income							1		
	Interest Income							268		
	Grants and Donations							53	equipment grant	
VIII. DEPARTMENT OF FINANCE										
1. Bureau of Internal Revenue										
	Special Account	NEP-DBM			15,838					
	Proceeds from Sale of Unserviceable Equipment	NEP-DBM					410			
	Tax Refunds	NEP-DBM			126,191					
	Tax Refunds	AR- Notes			388,111					Fund 105 - Tax Refund Transactions - DOF & DBM JC No. 3-91 dated Nov. 4, 1991
	Incentive Fund	AR- Notes			55,282					Fund 152 - Incentive Fund for exceeding collection - EO 1042 as amended by PD 1991
	Fund 103 - intelligence Fund RA 6110, as amended by PD No. 153 dated March 13, 1973									
	Fund 105 - Tax Refund Transactions - DOF & DBM JC No. 3-91 dated Nov. 4, 1991	AR - Notes - cash in bank			388,111					
	Fund 151 - Bank Penalties EO 937 dated Mar 1, 1984	AR - Notes - cash in bank								

Department/Agency/ Fund	Particulars	Legal Basis/ Source of Data	Earmarked Revenues - Appropriated Annually		Off Budget Items - Automatic Appropriations (Earmarked Revenues)			Others	Remarks/Details	Excerpts of the legal basis
			Use of Income-GF	Special Account	Enabling Laws	GOCC Charters	Others			
	152 - Incentive Fund for exceeding collection - EO 1042 as amended by PD 1991	AR - Notes			55,282					
	153 -Internal Revenue Labels Trust Fund - EO1043 dated July 30, 1985	AR - Notes			2,988					
	154- Tax Administration Dev Fund - RA no. 7716, impl guidelines RR No.3-96 dated Feb 13, 1995	AR - Notes								
	Income from fines and penalties for violation related to printing and issuance of receipts and invoices and other violations	EO 1042;EO 45; Income - GF								EO 45 - AMEND NG EO1042, as follows: Sec. 7. The amount appropriated in the Bureau of Internal Revenue budget for Personnel Services shall be used for the implementation of this Executive Order. Any deficiency in the appropriation shall be funded from the BIR Special Fund hereinafter referred to as the Fund, which is hereby created out of the real increase in revenue collections over that of the immediately preceding year but not in excess of: among others: For CY 1994 and thereafter, 10% of actual collections in excess of 12% of GNP for the applicable Calendar Year.
	Refund of Taxes	PD 1991; Automatic Appropriation								
	Grants and Donations	SIE						19		
	Miscellaneous Income	SIE						736		
2. Bureau of Customs										
	25% of income from the container security fee	EO 592; Automatic Appropriation								
	Income from the service fees of shipments of qualified importers using the Super Green Lane Facility	EO 230; Automatic Appropriation								
3. Bureau Of The Treasury										
	Proceeds from Sale of Unserviceable Equipment								18	
4.. Insurance Commission										
	Special Account				37,700					
	25% share in the premium tax collection of B R	RA 8421 / PD 612; Automatic Appropriation								
5. Privatization Management Office										
	Custodianship fee for the disposal of GOCCs assets/idle properties of the national government	Proclamation 50, EO 323; Automatic Appropriation								
IX. DEPARTMENT OF FOREIGN AFFAIRS										
1. Office Of The Secretary	DFA Building Fund	EO 292 - 10% of estimated consular income (passport, visa, notarial, sale of forms and authentication fees; Income - GF								
X. DEPARTMENT OF HEALTH										
1. Office Of The Secretary										
	Proceeds from Sale of Unserviceable Equipment								85	
	Special Account				19,311					
	Share from Franchise Tax/VAT collected by the Philippine Racing Club, Inc and Manila Jockey Club, inc.	PD 1529;Automatic Appropriation								
	Fines & Penalties	SIE								
	Registration Fees	SIE						854		
	Other Permits & Licenses	SIE						1		
	Affiliation Fees	SIE						57,435		
	Clearance & Certification Fees	SIE						2,982		
	Diploma & Graduation Fees	SIE						3		
	Library Fees	SIE						65		
	Medical, Dental & Lab Fees	SIE						894,258		
	Processing Fees	SIE						3,023		
	Seminar Fees	SIE						7,420		
	Transcript of Records Fees	SIE						48		
	Other Service Income	SIE						114,352		
	Fines and Penalties-Service Income	SIE						901		
	Hospital Fees	SIE						1,379,532		
	Income from Canteen Operations	SIE						24		
	Income from Dorm Operations	SIE						252		
	Rent Income	SIE						14,283		
	Tuition Fees	SIE						779		
	Other Business Inc	SIE						309,977		
	Fines/Penalties-Business Income	SIE						1,758		
	Dividend Income	SIE						49		
	Income from Grants & Donation	SIE						658,847		
	Interest Income	SIE						1,234		
	Miscellaneous Income	SIE						125,866		

Department/Agency/ Fund	Particulars	Legal Basis/ Source of Data	Earmarked Revenues - Appropriated Annually		Off Budget Items - Automatic Appropriations (Earmarked Revenues)			Others	Remarks/Details	Excerpts of the legal basis
			Use of Income-GF	Special Account	Enabling Laws	GOCC Charters	Others			
	Other Fines & Penalties	SIE					2,159			
	Collection of GMA 50 Parma from ou	SCF		22						
	Receipt of guarantee payments/endowment from PCSO	SCF				3,202				
	Receipts held in trust/Medicare, Prof Fees, Affi Remu.	SCF					139,181			
	Receipts of deposit from WHO & DHO	SCF								
	6% of the 25% Franchise/VAT, for Philippine Anti-Tuberculosis Society	RA 6631, RA 8408; Automatic Appropriation								
	2% of the 25% Franchise/VAT, for White Cross	RA 6632; Automatic Appropriation								
	7% of the 25% Franchise/VAT, for PCSO	RA 7953; Automatic Appropriation								
2. POPCOM										
	Income from Grants and donations	SIE				877,522				
	Interest Income	SIE					1,876			
	Miscellaneous. Income	SIE					46,893			
	Other Fines and Penalties	SIE					21,462			
	Gain(Loss) on Sale of Disposed Assets	SIE					6,701			
3. National Nutrition Council	Interest Income	SCF					1,311			
	Grants & Donations	SIE					543,212			
	Seminar Fees	SIE					0			
4. Bureau of Quarantine and International Health Surveillance										
	50% of income from Quarantine Services	RA 9271; Income - GF							P16,500,000 charged against the Trust Fund for the year 2009.	RA No. 9271, Sec. 9. Authority to Utilize Income. - The Bureau of Quarantine shall be authorized to use at least fifty percent (50%) of the income generated subject to accounting and auditing rules and regulations.
5. Bureau Of Food and Drugs										
	Income collection from fees, fines, royalties and other charges	Sec 31, Chapter 4, RA 9502; Income - GF							For 2009, an additional of P172,483,000 from fees, fines, royalties and other charges was authorized under Special provision, GAA	Sec 31, Chapter 4, RA 9502-) For a more effective and expeditious implementation of this Act, the Director or head of the Bureau of Food and Drugs shall be authorized to retain, without need of a separate approval from any government agency, and subject only to existing accounting and auditing rules and regulations, all the fees, fines, royalties and other charges, collected by the Bureau of Food and Drugs under this Act and other laws that it is mandated to administer based on the immediately prior year of operations, for use in its operations, like upgrading of its facilities, equipment outlay, human resource development and expansion, and the acquisition of the appropriate office space, among others, to improve the delivery of its services to the public. This amount, which shall be in addition to the annual budget of the Bureau of Food and Drugs, shall be deposited and maintained in a separate account or fund, which may be used or disbursed directly by the Director or head.
XI. DEPARTMENT OF JUSTICE										
1. Office Of The Secretary										
	Special Account	NEP-DBM					164,301			
	Legal Fees	RA 9279; Automatic Appropriation								
	Grants & Donations	SIE					1,500			
	Grants Proceeds						360			
	Insurance Income	SIE					377			
	Share from PAGCOR and Filing Fee	SIE				19,618				
2. Land Registration Authority										
	Special Account						159,380			
	20% of Land Registration Fees/ Collections of the Register of Deeds of LGUs and LRA	PD 1529; Automatic Appropriation								
3. Office Of The Solicitor General										
	Special Account	NEP-DBM					380			
	Income collection from filing fees	RA 9139; Income - GF								
	Certification fees and oath taking fees of naturalized aliens	PD 736, LOI 270, EO 292, EO 482 RA 9139; Automatic Appropriation								
	50% of fees collected by the Special Committee on Naturalization under RA 9139 and all other income from fees	RA 9417; Automatic Appropriation							P2,907,000 is charged against the Special Trust Fund out of the (1) 5% monetary awards by courts to client agencies; (2) 50% of the collected fees by the Special Committee on naturalization; and (3) other income, fees ad revenue for the grant of special allowance	
XII. DEPARTMENT OF LABOR AND EMPLOYMENT										
1. Office Of The Secretary										
	Verification fees, overseas employment/ foreign posts	EO 1022; Special Account- Appropriation								

Department/Agency/ Fund	Particulars	Legal Basis/ Source of Data	Earmarked Revenues - Appropriated Annually		Off Budget Items - Automatic Appropriations (Earmarked Revenues)			Others	Remarks/Details	Excerpts of the legal basis
			Use of Income-GF	Special Account	Enabling Laws	GOCC Charters	Others			
	Other Service Income	SIE						74,969		
	Seminar Fees	SIE						7		
	Printing & Publication Income	SIE						3,020		
	Grants & Donations	SIE					73			
	Interest Income	SIE						1,501		
	Miscellaneous Income	SIE						149		
	Other fines and penalties	SIE						1		
	Forex gain	SIE						198		
		SIE								
	Income from Government Service; includes service income from Verification Fee as follows:	SIE								
	MECO - P6,085,220	SIE								
	DOLE-Posts - P68,772,547 95	SIE								
2. National Conciliation and Mediation Board										
	Collective Bargaining Agreement Registration Fees	RA 6715: Special Account- Appropriation								
	Other fines & Penalties	SIE						2,498		
	Miscellaneous Operating & Service Income	SIE						0		
	Collections of Injunction Fund	SCF						117		
	Collections of Fiduciary Fund	SCF						545,414		
	Collection of Income from Government Service	SCF						5,064		
	Collection of income from bank interest	SCF						5,437,883		
3. National Labor Relations Commission										
	Fees and miscellaneous Income	RA 9347: Sp Acct- Aapro								
XIII DEPARTMENT OF NATIONAL DEFENSE										
1. General Headquarters (Proper)										
	Special Account	NEP-DBM								
	Military Camps Sales Proceeds Fund									
	Affiliation fees	SIE						146		
	Medical, Dental, & Laboratory fees	SIE						1,931		
	Other Service Income	SIE						12,622		
	Hospital fees	SIE						80		
	Income from waterworks system	SIE						120		
	Rent Income	SIE						20,826		
	Sales Revenue	SIE						1,238		
	Grants and Donations	SIE						405,023		
	Interest Income	SIE						115,657		
	Miscellaneous Income	SIE						21,593		
	Other Fines and Penalties	SIE						603		
XIV. DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS										
1. Office Of The Secretary										
	Proceeds from Sale of Unserviceable Equipment	NEP-DBM						541		
	Special Account									
	MVUC funds	Sec 7 of RA 8794 specify the following accounts for DPWH:			Automatic Appropriation					
		a. Special Road Support Fund (151), (80% of MVUC)								2006: P3,234,735,000
		b. Special Local Road Fund (152), (5% of MVUC)								2006: P758,684,000
		c. Special Road Safety Fund (153), (7.5% of MVUC)								2006: P613,473,000
	Permit Fees	SIE						715		
	Clearance & Certificate Fees	SIE						0		
	Seminar Fees	SIE						2,697		
	Toll and Terminal Fees	SIE						10,135		
	Other Service Income	SIE						44,366		
	Fines & Penalties -Service Income	SIE						0		
	Dividend Income	SIE						5,434		
	Grants and Donations	SIE						535		
	Insurance Income	SIE						6		
	Interest Income	SIE						430		
	Miscellaneous income	SIE						158,753		
	Other Fines and Penalties	SIE						350		
	Gain on FOREX	SIE								
	Gain on sale of disposed assets	SIE						687		
	Funds maintained by DPWH aside from the Gen Fund									
	Fund 102 - Foreign Assisted Projects									
	Fund 107 - Pinatubo 't Assistance Dev't & Resettlement									
	Fund 172 - Dutch Rural Dev't Assistance Prog									
	Fund 171 - and other Special Funds									

Department/Agency/ Fund	Particulars	Legal Basis/ Source of Data	Earmarked Revenues - Appropriated Annually		Off Budget Items - Automatic Appropriations (Earmarked Revenues)			Others	Remarks/Details	Excerpts of the legal basis
			Use of Income-GF	Special Account	Enabling Laws	GOCC Charters	Others			
	Fund 109 - Earthquake Rehab Fund									
	Fund 153 - Accelerated Agricultural production program									
	Fund 154 - Mt Pinatubo Rehab Program Support									
	Fund 155 - Swiss Mixed Credit Facility									
	Fund 156 - Rural Infrastructure Fund									
	Fund 159 - Australian Grant									
	Fund 161 - Metro Cebu Dev't Project									
	Fund 171 - German Grant (KFW)									
	Fund 173 - RWS Improvement of Sanitary Facilities									
2. Road Board	Other Service Income	SIE						6,040		
	Interest Income	SIE						215		
	Miscellaneous Income	SIE						25,800		
	Other Fines & Penalties	SIE						15,800		
XV. DEPARTMENT OF SCIENCE AND TECHNOLOGY										
1. Philippine Institute Of Volcanology And Seismology										
	Grant Proceeds	NEP-DBM						395,030		
	Customs Duties and Taxes, including Tax Expenditures	NEP-DBM						22		
2. Philippine Science High School										
	Fees generated from school related activities	RA 9036; Income - GF								
	Grants & Donations	SIE						1,892		
	Income from Government Services	SIE	87							
	Other Service Income	SIE	80							
3. Industrial Technology Development Institute										
	50% of the fees and charges collected from meteorological work and calibration services of the National Board and Industrial Dev't Inst.	RA 9236; Income - GF								
	Grants and Donations	SIE						12,478		
	Miscellaneous Income	SIE						4,120		
XVI. DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT										
1. Office Of The Secretary										
	Bequests, donations from UNICEF and other entities	RA 5416; Automatic Appropriation								
	Grants and Donations	SIE						328,978		
	Insurance Income	SIE								
	Interest Income	SIE						1,373		
	Miscellaneous Income	SIE						4,064		
	Other Fines and Penalties	SIE						353		
2. Intercountry Adoption Board										
	Assessment and processing fees collected from prospective Adoptive Parent	RA 8043; Income - GF								RA 8043, Sec. 13. Fees, Charges and Assessments. — Fees, charges, and assessments collected by the Board in the exercise of its functions shall be used solely to process applications for inter-country adoption and to support the activities of the Board.
3. Council for the Welfare of Children										
	PAGCOR'S SHARE					392,205			ECCD	
XVII. DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS										
1. Office Of The Secretary										
	Special Account	NEP-DBM						32,493		
	MVUC Funds	Sec 7 of RA 8794 the following account is for DOTC: Automatic Appropriation a. Special Vehicle Pollution Control Fund , (7.5% of MVUC Fund)								2006: P1,648,817,000
	Grants and Donations	SIE						139,942		
	Miscellaneous income	SIE						11		
	Collection from Legal Research Fees	SCF						891		
2. Maritime Industry Authority										
	Fees and Charges Relative to the implementation of the "The Domestic Shipping Development Act of 2004"	RA 9295; Income - GF								RA 9295-Sec. 17. Fees. - The MARINA shall have the power to impose, fix, collect and receive, in accordance with the schedules approved by its Board, such fees necessary for the licensing, supervision, regulation, inspection, approval and accreditation of domestic ship operators and the promotion and development of the country's maritime industry. The MARINA shall have the power to establish and manage a trust fund for this purpose.
3. Office For Transportation Security										
	Special Account						212,448			
4. National Council for Civil Aviation Security										
	Aviation Security fees (part of the Terminal fees) collected from	LOI 414A and EO 277; Automatic Appropriation								

Department/Agency/ Fund	Particulars	Legal Basis/ Source of Data	Earmarked Revenues - Appropriated Annually		Off Budget Items - Automatic Appropriations (Earmarked Revenues)			Others	Remarks/Details	Excerpts of the legal basis
			Use of Income-GF	Special Account	Enabling Laws	GOCC Charters	Others			
	passengers, both domestic and international airports									
5. Land Transportation Office	Seat Belt Use Fund - Fines imposed for the enforcement of RA8750	RA 8750: Automatic Appropriation								
XVIII. NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY										
1. Office Of The Director-General										
	Grant Proceeds	NEP-DBM						90,514		
	Proceeds from Sale of Unserviceable Equipment	NEP-DBM						30		
2. Statistical Research And Training Center										
	Special Account	NEP-DBM							2,198	
	Interest on Public investment, Tbills with Phil Veterans Bank seed fund from the national government P13M - Endowment Fund	EO121								
XIX. COMMISSION ON HIGHER EDUCATION										
	Special Account	NEP-DBM							859,000	
	R.A. No. 7722	NEP-DBM							854,000	
Higher Education Development Fund	40% of travel tax collections of PTA	RA7722: Automatic Appropriation								
	30% of the Registration Fees collected by PRC	RA7722: Automatic Appropriation								
	1% of gross sales of LOTTO operations of PCSO	RA7722: Automatic Appropriation								
	Donations from GFIs/Private Institutions	RA7722: Automatic Appropriation								Sec 10 of RA no.7722
	Interest income								66,421	
	Miscellaneous. income								8,316,021	
	Permit fees								20,000	
	Seminar Fees								219,606	
	Grants & Donations								42,038	
	Printing and Publication Income								51,200	
	Unremitted PCSO share from Lotto								103,000	Sec 10 of RA no.7722
	Higher Educ Dev't fund (HEDF) seed capital									Travel tax share equivalent to 40% annual share: 30% from Professional Registration Fee; and 1% gross sales of the PCSO
	PCSO								10,000	
	PRC								13,676	
	PTA								541,173	
	1% from PCSO								140,295	
XX. Other Executive Offices										
1. Dangerous Drugs Board										
	Special Account	NEP-DBM							127,363	
	PAGCOR share	RA 9165, P5M monthly remittance							60,000	estimated computation
	25% of the unclaimed prizes of Phil. Racing Club, Inc and Manila Jockey Club, Inc	RA 9165: Automatic Appropriation								
	P1M per month from PCSO	RA 9165: Automatic Appropriation								estimated amount, PCUJ data
	P5M per month from PAGCOR	RA 9165: Automatic Appropriation								
2. Film Development Council Of The Philippines										
	Special Account	NEP-DBM							95,013	
	Registration Fees, i.e., application for film grading and seminar workshops	RA 9167: Automatic Appropriation								
	Amusement Taxes	RA 9167: Automatic Appropriation								
3. Games And Amusements Board										
	Special Account	NEP-DBM							5,752	
	3% of gross gate receipts- boxing, karate, wrestling	PD 871: Automatic Appropriation								
	3% of gross gate receipts- basketball and other professional games	PD 871: Automatic Appropriation								
	3% share on gross radio/tv coverage -professional games	PD 871: Automatic Appropriation								
4. Philippine Racing Commission	1% share from gross receipts from total sales of tickets for the daily double, llave, forecast, jackpot and other similar events	PD 420: Income - GF								
5. Housing and Land Use Regulatory Board										
	Special Account	NEP-DBM							62,542	
	Registration Fees, inspection license, clearance and permit fees on materials and improvement of facilities/ amenities, from housing and real estate developers, brokers, salesmen, dealers, homeowners associations.	EO 648/ EO 90: Special Acct- GF annually appropriated								

Department/Agency/ Fund	Particulars	Legal Basis/ Source of Data	Earmarked Revenues - Appropriated Annually		Off Budget Items - Automatic Appropriations (Earmarked Revenues)			Others	Remarks/Details	Excerpts of the legal basis
			Use of Income-GF	Special Account	Enabling Laws	GOCC Charters	Others			
6. Phil. Sports Commission	PAGCOR SHARE	RA 6847 based on the winnings after franchise tax and gov't share			522,522				estimated amount, PCIJ data	
	Share from the franchise tax/VAT on horse races paid by the ff:									
	Manila Jockey Club, Inc	RA 6847; Automatic Appropriation								
	Phil. Racing Club, Inc	RA 6847; Automatic Appropriation								
	Bu of Customs	RA 6847; Automatic Appropriation								
7. National Commission On Culture And Arts	Travel tax PD 1183									
	PTA	SCF			32,294					
	Interest Income	SIE						60,262		
	Miscellaneous Income	SIE						7		
National Endowment Fund for Culture and Arts	10% of travel tax collected by PTA	RA 7356; Automatic Appropriation								
	Interest Income on Treasury Bills	RA 7356; Automatic Appropriation								
8. Presidential Commission on Good Government	Proceeds from sale of surrendered assets, excess directors' fees	EO 13; Automatic Appropriation								
XXI. ARMM	Shares of ARMM from BIR collections on taxes imposed on DENR's forest charges, travel tax, contractor's tax, and interests on deposits	RA 6734 and RA 9054; Income - GF								
XX11. BOARD OF LIQUIDATORS	Accounts Receivable: Interest on Central Bank: International Bank for Reconstruction and Development (CB:IBRD) and other reimbursable expenses	EO 169; RA 7653/S E						170		
	Accounts Receivable: Bangko Sentral ng Pilipinas (BSP)	EO 169; RA 7653/S E						150		
	Accrued interest receivable: fixed term deposits with BSP	EO 169; RA 7653/S E						73		
	Retainer's fees and other legal expenses	EO 169; RA 7653/S E						140		
	Consultant's fees	EO 169; RA 7653/S E						149		
	Audit fees	EO 169; RA 7653/S E						726		
XXIII. ALLOCATION TO LOCAL GOVERNMENT UNITS								1,680,179		
1. Municipal Development Fund	For foreign-assisted projects of local government units in support of modernization of the agriculture sector	DBM-NEP 2009							released to and administered by the Municipal Development Fund Office under the Department of Finance (DOF) in accordance to PD 1914 (s.1984), DOF-COA DBM Joint Circular no. 6-87 and EO 41 (s. 1998)	
XXIV. PHILIPPINE AMUSEMENT AND GAMING CORPORATION										
Inter-agency payables	Presidential Social Fund	SIE						1,480,234	This account consists of the outstanding balance of the amounts advanced to the Philippine Sports Commission for various sports events and operational requirements and the advances to the Office of the President which are deductible from their monthly share/remittance due from PAGCOR.	
Legend: Sources of data:										
S E - Statement of Income and Expenses										
SCF - Statement of Cash Flow - COA Audit Report										
NEP - National Expenditure Program, CY 2009										

APPENDIX C – NATIONAL AGRIBUSINESS CORPORATION FY 2007 (IN THOUSAND PESOS)

Particulars	Source Agency	2007	2006	Details
NABCOR	Bureau of Soils and Water Mgt (BSWM)	30,090		NABCOR received funds for the MOA with BSWM to implement the projects Agri-Kalikasan "Tipid Abono Program"
NABCOR	Bu of Postharvest Research and Ext (BPRE)	27,494		Nabcor received funds for the MOA with BPRE for the improvement of handling and movement of agri-fishery products and for flat drying system total amount of P525.291.769
NABCOR	Agricultural Credit Policy council	70,000		MOA with ACPC to implement the Direct market Linkage (DML) Project, provide support to farmers/fisherfolks in the production and marketing of vital agricultural commodities that will increase their income, P70M of which P50M as financial assistance and P20M institutional capacity building, the P70M was received July 31, 2007

APPENDIX D – EXCERPTS OF RELEVANT LAWS ON EARMARKED REVENUES AND OFF BUDGET ITEMS

LEGAL BASIS	SIGNIFICANT PROVISIONS
<p>RA 9139</p> <p>The Administrative Naturalization Law of 2000</p>	<p>Sec 16. <i>Special Disposition of the Filing Fee.</i> – An amount equivalent to twenty-five percent (25%) of the filing fee to be paid by the applicants pursuant to Section 7 hereof shall accrue to the University of the Philippines Law Center and another twenty-five percent (25%) shall be allotted for the publication of the Journal of the House of Representatives. Said amount shall be treated as receipts automatically appropriated.</p>
<p>RA7171</p> <p>Tobacco</p>	<p>The provisions of existing laws to the contrary notwithstanding the fifteen percent (15%) share from government revenues mentioned in this Act and due to the Virginia tobacco-producing provinces shall be directly remitted to the provinces concerned.</p>
<p>RA 8407</p> <p>Philippine Racing Commission</p>	<p>Sec 8..."(d) One percent (1%) shall be set aside for the use of the Philippine Racing Commission: provided, that in the case of gross receipts derived from the total sale of parimutuel races, the one percent (1%) government share shall be set aside for use of the Games and Amusement Board, to be shared equally with the Jockeys and Horse Trainers Injury, Disability and Death Compensation Fund created under Republic Act No. 309, as amended.</p> <p>"SEC. 9. Breakage. — The receipts from betting corresponding to the fractions of less than Ten centavos (P.10) eliminated from the dividends paid to the winning tickets, commonly known as breakage, shall be set aside as follows:</p> <p>"(a) Fifty percent (50%) for the benefit of the Philippine Racing Commission, subject to the condition that the funds shall be used exclusively for the payment of additional prizes for races sponsored by the Philippine Racing Commission, for the necessary capital outlays and for expenditures relative to horse breeding activities of the National Stud Farm.</p> <p>"(b) Twenty-five percent (25%) to the provincial or city/municipal hospitals where the racetrack is located; and</p> <p>"(c) Twenty-five percent (25%) for the rehabilitation of drug addicts, as provided in Republic Act No.6425. "Sec. 12. Franchise Tax. - ... In consideration of the franchise, the grantee shall pay into the National Treasury a franchise tax equal to twenty-five per centum...</p>
<p>Administrative Order No. 252</p> <p>Creating The Task Force On Mini-</p>	<p>WHEREAS, R. A. 7156 vests in the Office of Energy Affairs (OEA) the sole and exclusive authority responsible for the regulation, promotion and administration of mini-hydroelectric power development and the implementation of the provisions of this Act;</p>

LEGAL BASIS	SIGNIFICANT PROVISIONS
Hydroelectric Power Development	WHEREAS, in the exercise of this Task, the Office of Energy Affairs shall promulgate such rules and regulations as may be necessary for the proper implementation and administration thereof in consultation with concerned government agencies;
<p data-bbox="185 491 448 550">REPUBLIC ACT NO. 9296</p> <p data-bbox="185 583 490 642">Meat Inspection Code of The Philippines</p>	<p data-bbox="513 491 1442 613">Sec. 46. Fees. - The Secretary, by way of regulation, and after public hearing, shall prescribe and charge such reasonable fees for services rendered. Amounts collected from fees, fines and other charges by the NMIS shall be deposited with the National Treasury and shall accrue to the General Fund.</p> <p data-bbox="513 655 1446 1050">Sec. 47. Meat Inspection Service Development Trust Fund. - There shall be an independent and separate trust fund established under this Act, to be administered by the Meat Inspection Board. An amount not less than fifty percent (50%) for the first five (5) years, accrued from the fees, fines and charges shall be used for the purpose of the Meat Inspection Service Development Trust Fund. The fund shall be used for the continued upgrading of laboratory equipment and facilities to conform with international standards, training facilities, capability development of technical personnel, research and development, indemnification of condemned animals during ante-mortem inspection, accreditation of foreign meat plants and other forms of assistance and support to the livestock sector. The trust fund may also accept grants and donations from national and foreign entities and individuals interested in the meat inspection development.</p>

LEGAL BASIS	SIGNIFICANT PROVISIONS
NIPAS	<p>i. To accept in the name of the Philippine Government and in behalf of NIPAS funds, gifts or bequests of money for immediate disbursement or other property in the interest of the NIPAS, its activities, or its service</p> <p>Section 16. Integrated Protected Areas Fund</p> <p>There is hereby established a trust fund to be known as Integrated Protected Areas (IPAS) Fund for purposes of financing projects of the System.</p> <p>The IPAS may solicit and receive donations, endowments, and grants in the form of contributions, and such endowments shall be exempted from income or gift taxes and all other taxes, charges or fees imposed by the Government or any political subdivision or instrumentality thereof.</p> <p>All incomes generated from the operation of the System or management of wild flora and fauna shall accrue to the Fund and may be utilized directly by the DENR for the above purpose. These incomes shall be derived from:</p> <p>a. Taxed from the permitted sale and export of flora and fauna and other resources from protected areas;</p> <p>b. Proceeds from lease of multiple-use areas;</p> <p>c. Contributions from industries and facilities directly benefiting from the protected area; and</p> <p>d. Such other fees and incomes derived from the operation of the protected area.</p> <p>Disbursements from the Fund shall be made solely for the protection, maintenance, administration, and management of the System, and duly approved projects endorsed by the PAMBs, in the amounts authorized by the DENR.</p>
Presidential Decree 1183 Travel Tax	As mandated by the law, the taxes are divided among the Philippine Tourism Authority (PTA), the National Parks Development Committee (NPDC), the National Commission for Culture and the Arts (NCCA), Commission for Higher Education (CHED), and the General Fund of the National Government for use in government programs.

LEGAL BASIS	SIGNIFICANT PROVISIONS
<p>Presidential Decree 1185</p> <p>Fire Code Of The Philippines</p>	<p>Section 13. Appropriation and Sources of Income.</p> <p>a. To support the manpower, infrastructure and equipment needs of the Fire Service of the Integrated National Police, the sum of one hundred million (P100,000,000.00) pesos is hereby appropriated. Thereafter, the same of such amount as may be necessary to attain the objectives of the Fire Code shall be appropriated and included in the annual appropriation of the Integrated National Police for the next ten (10) years.</p> <p>b. To partially provide for the funding of the Fire Service the following taxes and fees which shall accrue to the General Fund of the National Government, are hereby imposed:</p> <p>(1) Fees to be charged for the issuance of certificates, permits and licenses as provided for in Section 8 (a) hereof;</p> <p>(2) One-tenth of one per centum (0.1%) of the verified estimated value of buildings or structures to be erected, from the owner thereof, but not to exceed fifty thousand (P50,000.00) pesos, one half to be paid prior to the issuance of the building permit, and the balance, after final inspection and prior to the issuance of the use and occupancy permit;</p> <p>(3) One-hundredth of one per centum (0.10%) of the assessed value of buildings or structures annually payable upon payment of the real estate tax, except on structures used as single family dwellings;</p> <p>(4) Two per centum (2%) of all premiums, excluding re-insurance premiums for the sale of fire, earthquake and explosion hazard insurance collected by companies, persons or agents licensed to sell such insurances in the Philippines;</p> <p>(5) Two per centum (2%) of gross sales of companies, persons or agents selling fire fighting equipment, appliances or devices, including hazard detection and warning systems; and</p> <p>(6) Two per centum (2%) of the service fees received from fire, earthquake, and explosion hazard reinsurance surveys and post loss service of insurance adjustment companies doing business in the Philippines directly through agents.</p> <p>Section 14. Collection of Taxes, Fees and Fines. All taxes, fees and fines provided in Section 13 hereof, shall be collected by the City or Municipal Treasurer concerned for remittance to the National Treasury.</p>

LEGAL BASIS	SIGNIFICANT PROVISIONS
PD 1464 Tariff And Customs Code	<p>Sec. 518. Allotment and Disposition of the Proceeds. The proceeds of this duty shall accrue to the General Fund and shall be allotted for development projects; except that one per centum (1%) annually shall be set aside for the Export Assistance Fund to be administered by the Board of Investments and expended in accordance with the General Appropriations Act to finance export promotion projects; however, thirty per cent of this 1% shall accrue to the Bureau of Customs which shall constitute as its intelligence fund to be disbursed by the Commissioner of Customs in the implementation of this Title, such as but not limited to the purchase of equipment, hiring of personnel if necessary and for such other operational expenses in the promotion of the export industry.</p>
PD 705 Revised Forestry Code	<p>SECTION 66. Collection and Disbursement. The collection of the charges and fees above-mentioned shall be the responsibility of the Director or his authorized representative. The Director shall remit his monthly collection of fees and charges mentioned in Section 64 to the Treasurer of the Philippines within the first ten (10) days of the succeeding month; Provided, That the proceeds of the collection of the fees imposed under Section 65 and the special deposit heretofore required of licensees shall be constituted into a revolving fund for such purposes and be deposited in the Philippine National Bank, as a special deposit of the Bureau. The Budget Commissioner and the National Treasurer shall effect the quarterly releases out of the collection accruing to the general fund upon request of the Director on the basis of a consolidated annual budget of a work program approved by the Department Head and the President. In the case of the special deposit revolving fund, withdrawals therefrom shall be effected by the Department Head on the basis of a consolidated annual budget prepared by the Director of a work program for the specific purposes mentioned in Section 65.</p>
RA 7161 Revised Forest Charges	
Ra 7656 Remittance Of GOCC Dividend Approved: November 9, 1993	<p>Sec. 3. Dividends. All government-owned or -controlled corporations shall declare and remit at least fifty percent (50%) of their annual net earnings as cash, stock or property dividends to the National Government. This section shall also apply to those government-owned or -controlled corporations whose profit distribution is provided by their respective charters or by special law, but shall exclude those enumerated in Section 4 hereof: Provided, That such dividends accruing to the National Government shall be received by the National Treasury and recorded as income of the General Fund.</p>

LEGAL BASIS	SIGNIFICANT PROVISIONS	
Ra 7898 AFP Modernization Act	<p>Sec. 11. AFP Modernization Act Trust Fund. ? There is hereby created a trust fund, to be known as the AFP Modernization Act Trust Fund. Said trust fund, which shall be used exclusively for the AFP modernization program, but not to include salaries and allowances, shall be funded out of the following:</p> <p>(a) Appropriations for the AFP modernization program;</p> <p>(b) The proceeds from the sale, lease or joint development of military reservations, as may be authorized by Congress, including such immovable and other facilities as may be found therein, not covered by the Bases Conversion Development Authority, as provided for in Republic Act No. 7227;</p> <p>(c) Shares of the AFP from the proceeds of the sale of military camps provided for under Republic Act No. 7227;</p> <p>(d) Proceeds from the sale of the products of the government arsenal;</p> <p>(e) The proceeds from the disposal of excess and/or uneconomically repairable equipment and other movable assets of the AFP and the government arsenal;</p> <p>(f) Funds from budgetary surplus, if any, as may be authorized by Congress subject to the provisions of Section 8 of this Act; and</p> <p>(g) All interest income of the trust fund.</p> <p>The trust fund shall be administered by the Secretary of National Defense in accordance with existing government auditing rules and regulations.</p>	
RA 7227/7917 Bases Conversion and Development Act	35% AFP modernization program 27.5% highways,railways and other transport facilities in Subic, Clark and other former bases accessible 12% National Shelter Program 3% National Health Insurance Program 5% BOT programs in areas surrounding the former baselands 2% Military War Veterans claims/benefits under RA 7696 1% Higher Education Development Fund (RA7722) 2% science and technology scholarship & study now pay later program	35.00 27.50 12.00 3.00 5.00 2.00 1.00 2.00
	Multi - year program of the prosecution service NBI/PNP modernization & improvement of prison facilities Multi - year judicial reform program Pre-school and day care centers nationwide SPES Senior Citizens Centers Mt. Pinatubo devastated areas Infrastructure devt of special eco zones	1.00 2.00 1.00 2.00 0.50 1.00 3.00 2.00 100.00

ANNEX G: NETWORK JOINT PUBLICATION 5/5 – “USING REPORTS OF THE COMMISSION ON AUDIT”



USAID
FROM THE AMERICAN PEOPLE

USING REPORTS OF THE COMMISSION ON AUDIT

JULY 2009

This publication was produced for review by the United States Agency for International Development.

USING REPORTS OF THE COMMISSION ON AUDIT



**Management Systems International
Corporate Offices**
600 Water Street, SW
Washington, DC 20024

Contracted under Agreement No. 6043-001-53-14

Philippines National Budget Monitoring Project

This publication is made possible by the generous support of the American people through the United States Agency for International Development (USAID) and Management Systems International (MSI). The contents are the responsibility of INCITEGov and do not necessarily reflect the views of MSI, USAID or the United States Government.

DISCLAIMER

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I. COA: MANDATE AND FUNCTIONS

The Commission on Audit (COA) is the government's supreme audit institution. As such, COA is charged with ensuring the integrity of fiscal and financial transactions of the government through audit and related services. Specifically, it is tasked to:

1. Examine, audit and settle all accounts pertaining to the revenue and receipts of, and expenditures or uses of funds and property owned or held in trust by, or pertaining to, the government;
2. Promulgate accounting and auditing rules and regulations including those for the prevention and disallowance of irregular, unnecessary, excessive, extravagant or unconscionable expenditures, or uses of government funds and properties
3. Submit annual reports to the President and the Congress on the financial condition and operation of the government;
4. Recommend measures to improve the efficiency and effectiveness of government operations;
5. Keep the general accounts of government and preserve the vouchers and supporting papers pertaining thereto;
6. Decide any case brought before it within 60 days; and
7. Perform such other duties and functions as may be provided by law.

COA is an independent constitutional body reporting directly to the people through its elected representatives. As such, COA is directly administered by an independent commission, presided over by the COA Chairman and two (2) Commissioners. The Chairman and the Commissioners are appointed by the President of the Philippines and confirmed by the Commission on Appointments. The latter is a bicameral legislative body with equal members from both the Senate and the House of Representatives. The COA Chair and COA Commissioners each have fixed terms of office and can only be removed from office prior to the end of their term through impeachment.

The pivotal role of COA in Philippine public financial management is obvious. Being the supreme audit agency of the public sector, and given its Constitutionally-guaranteed institutional independence, it carries the responsibility of passing judgment on the fairness of reported financial operations of all units of government under all three branches, Executive, Legislative and Judicial. In response to this mandate, COA undertakes a review of each agency's financial operations using a risk-based audit approach. It has resident auditors assigned in all national government agencies (NGAs), government owned and controlled corporations (GOCCs), and local government units (LGUs) either through a full-time resident staff or through a roving audit staff.

II. COA REPORTS

COA officially publishes three (3) major types of reports in accordance with its mandate. These reports are:

1. Annual audit reports of all government entities, i.e., NGAs, LGUs and GOCCs;
2. Annual Financial Report, in three (3) volumes, namely
 - a) Consolidated Financial Report for all NGAs;
 - b) Consolidated Financial Report for all LGUs; and
 - c) Consolidated Financial Report for all GOCCs.
3. Special audit reports.

Apart from the above, COA promulgates Circulars and other issuances related to its functions, including audit guidelines and manuals. For purposes of this paper, however, only the three (3) major types of reports will be discussed.

Annual Audit Reports

Annual audit reports are the results of the regular annual audit conducted by COA auditors on every government entity. These reports basically render an opinion on the fairness of the financial statements prepared by agency management at the end of each fiscal year. This is equivalent to the audit statement rendered by private auditing firms on the financial statements of private entities, providing assurance on the reasonableness and reliability of financial statements.

In the public sector, government entities are mandated to prepare financial statements following the accounting standards prescribed by COA in accordance with generally accepted standards for public sector institutions. Except for some GOCCs which are generally proprietary in nature, government agencies are non-profit entities. As such, they follow prescribed accounting procedures for public sector and other non-profit institutions.

Types of Audit Opinions. There are four (4) kinds of audit opinion rendered by COA as contained in the Audit Certificate. These are:

1. *Unqualified opinion.* Also known as a clean opinion, this means that the financial statements present fairly, in all material respects, the results of the operations and the financial condition of the government entity for the period and date indicated, based on existing government accounting standards, and in compliance with government laws, rules and regulations. This is the best opinion that an agency can get, effectively assuring the public that the subject government entity has generally complied with existing financial policies and guidelines.
2. *Qualified opinion.* This is a notch lower than an Unqualified Opinion. It means that certain material transactions and/or accounts have been found to be improper, are questionable or are requiring more solid justifications and therefore have not been passed in audit. The transactions and/or accounts under questions, however, are not so significant relative to the total operations of the subject entity, as to fully negate other aspects of operations which were found to be in order.
3. *Adverse Opinion.* The opposite of an Unqualified Opinion, this means that the financial statements of the government entity do not fairly present its results of operations and financial condition, and are not in compliance with prescribed laws and applicable guidelines. An adverse opinion puts to question the entire financial operation of the

subject entity and demonstrates past and/or present management's inability to resolve previously disallowed transactions.

4. *Disclaimer.* In this instance, the auditor renders no opinion. A "No Opinion" means that the auditor of the subject government entity does not have sufficient basis to form any opinion on the financial statements, or the financial statements presented are inadequate such that no opinion can be made, or no financial statements are available upon which an opinion can be rendered. In general, a disclaimer is worse than an adverse opinion because this shows management's failure to perform a basic mandate which is to keep adequate records of an agency's financial transactions.

Contents of Audit Report. A typical Audit Report for an agency contains the following:

1. Audit Certificate, expressing COA's opinion on the financial statements;
2. Financial Statements, including supporting schedules, showing the financial results of operation and the corresponding financial condition of the agency for the fiscal year;
3. List of Major Findings and Observations, explaining major deviations from prescribed accounting and auditing rules, as well as policies of the government; and
4. List of Recommendations urging management and proposing actions to resolve the observations previously made.

In each succeeding Audit Report, COA tracks actions undertaken by management to address the recommendations cited above. Unresolved issues are emphasized, along with new ones arising from the latest audit, in the latest Audit Report.

Financial Statements. Under Philippine laws, all agencies are required to produce the following financial statements at the end of each fiscal year:

1. Balance Sheet;
2. Statement of Income and Expenses;
3. Statement of Government Equity; and
4. Statement of Cash Flows.

These statements are reported to COA and are included in the Annual Reports prepared by agency management. In addition, agencies submit monthly and quarterly statements to COA as well as other oversight agencies such as the Department of Budget and Management (DBM), the Bureau of the Treasury under the Department of Finance, as well as the Senate Finance Committee and the Committee on Appropriations of the House of Representatives.

Annual Financial Reports

The Annual Financial Reports (AFRs) comprise three (3) separate reports, one each for the national government, LGUs and GOCCs. Each volume is a consolidated report of the financial performance of each level of government.

The AFRs contain a wealth of information on all funds kept by the government, including so-called off-budget accounts. It is based on the individual Audit Reports for each government entity, summarized in a manner that is very useful and comprehensive. The AFRs have improved its presentation over the years. In 2003, the AFR began to include a new statement showing detailed personnel compensation in GOCCs that are exempt from the Salary Standardization Law. Prior to the publication of this statement, it was difficult to obtain this data from GOCCs themselves. In fact, the AFR, in many instances, is the only source of data for funds that do not go through the annual budget legislative process.

The major contents of the AFRs are:

1. Condensed Financial Statements;
2. Notes to Financial Statements;
3. Financial Highlights and Analyses;
4. Appropriations, Allotments, Obligations and Balances;
5. Summary of Major Observations and Audit Findings;
6. Summary of Major Recommendations;
7. Key Supporting Schedules; and
8. Summary of Personnel Compensation Costs.

The AFRs are available on the COA website (coa.gov.ph) and are submitted to the Office of the President, the Senate and the House of Representatives in September of each year.

Special Audit Reports

A special audit is commonly undertaken to probe deeper into certain accounts, funds or transactions in response to a request of interested parties, or in compliance with a particular directive from the Congress or in accordance with COA's policy to further investigate risk-prone transactions. Special audits are conducted by a team of auditors from COA's Management Service Office, previously the Special Audit Office, and are generally more intensive and more strategic than the usual annual audit. Over the years, special audit reports have gained better awareness and, arguably, better credibility among oversight agencies, media and the general public because of their focus and usefulness to understanding specific problem areas. Among the best known special audits conducted by COA are:

1. audit of the outstanding debt of the government, a document which sorted out the many conflicting issues pertaining to the actual debt of the public sector in the wake of the debt crisis of the late 80's to the early 90's;
2. audit of the Agriculture and Fisheries Modernization Fund, a report extensively used by members of both the Senate and the House as well as other anti-corruption bodies during investigations into the "Fertilizer Scam" during the 2004 Presidential election;
3. audit of the "conversion scheme" used by the military during the investigation into the financial transactions of the Armed Forces of the Philippines (AFP) following the mutiny of junior officers alleging corruption in the use of AFP funds; and

4. audit of the procurement processes of the Department of Public Works and Highways as a result of the discovery of huge amounts paid for the repair of construction equipment which turned out to be unnecessary, unauthorized or outright fictitious.

III. LIMITATIONS OF COA REPORTS

While generally comprehensive, informative and credible, COA reports suffer from several limitations. These limitations dampen the maximum utility of the information contained in the reports and leaves room for further policy as well as administrative improvements in the future. Among such constraints are issues pertaining to timeliness, completeness, availability, contestability of findings, feasibility of recommendations, and even the risk of conflict of interest situations between auditors and audited government entities.

Timeliness. Under its charter, COA is mandated to submit its consolidated audit reports no later than the end of September of the year following the fiscal year audited. This prescribed deadline is not consistent with the budgeting calendar which calls for the President of the Republic to submit to Congress the national government budget proposal no later than thirty (30) days after the opening of the regular Congressional session. The date of budget submission falls between the last week of July to the last week of September. This means that when agencies and the DBM are preparing the national budget proposal, the latest audited reports are, generally, not available. This fact effectively denies budget analysts a more updated and reliable information on the financial status of agencies, a major deficiency in the budget preparation process. In the absence of audited financial reports, the budget preparation process relies on preliminary reports of agencies and other periodic reports submitted to various oversight agencies.

The utility of agency reports may be defended on the grounds that in some agencies, not much difference exists between unaudited and audited financial reports. Furthermore, the submittal of other periodic reports as well as audits undertaken in previous years may be sufficient basis for analysis of agency financial performance. These may well be so, but as will be shown later, the reliability of agency financial returns are subject to a great degree of suspicion, given a historically high rate of qualified and adverse opinions on agency financial statements.

Completeness. The Philippine Commission on Audit is reported to be one of the biggest supreme audit institutions in the world in terms of number of personnel. As of August 2008, COA had over 15,000 full time staff, compared to the Federal Government of the United States which has roughly 700, Thailand with about 2,000 and Indonesia which has about 4,000.

Despite this, not all audit reports are completed, or if completed, they are not available at the time of the preparation of the AFR. In fact, practically no audit report is available for barangays (village-level political units), which receive twenty (20) percent of the national revenue sharing allocated to local governments. COA acknowledges that in fact, due to time constraints and the inability of some field auditors to complete their audit, the AFR is not fully based on audit reports. In 2007, this fact was contained in a disclosure to the Annual Financial Reports.

Availability. COA has one of the best websites among national government agencies in terms of reporting on the performance of its mandated functions. Thus, the COA websites contain not only the usual information on agency functions, activities, and issuances/directives, but also post individual national/local/corporate audit reports as well as AFRs and special audits. As of July 15, 2009, however, the Audit Reports of almost all departments except for the attached agencies under them, are not yet posted in the website. Upon inquiry on the whereabouts of the unposted audit reports, it was discovered that some are being delayed by technical problems encountered by COA's IT unit. Similarly, only NCR

and Region X LGUs have audit reports posted, while only 12 of 77 state-owned enterprises can be accessed through COA's website. The FY 2007 audit reports and those of prior years are more complete and available.

Contestability of Findings. In two fora conducted by the Budget Network on the use of COA reports, several issues were raised pertaining to the nature of COA findings. Among such issues are:

1. Non-resolution of back findings dating to 15 years and over. In many instances, the people or personnel involved have retired or have been separated from service; worse, many could no longer be traced. Even in instances when the responsible personnel have died, disallowances imposed by the auditors still remained in the books. In practice, disallowances are supposed to be paid back by responsible staff, or deducted from employee's separation or retirement benefits. Where agencies fail to undertake necessary deduction against benefits, the disallowances remain in the audit reports.
2. Inconsistency in the application of audit rules and regulations especially in cases when there is a change in resident auditors. A common complaint among agencies are sudden disallowances imposed by newly-installed auditors on transactions previously passed in audit by their predecessors. Clearly, a consistent application of rules is key to ensuring audit credibility.
3. Unreasonable application of rules. Rules are promulgated to accomplish a particular audit objective, generally to safeguard government funds and assets from waste, fraud and similar improprieties. Oftentimes, certain expenses are disallowed on the grounds that the letter of the law was not followed strictly even if the result was better than otherwise. A specific example was when an auditor disallowed payment for the acquisition of land and building in lieu of the construction of a building on government land, to be used as office building of an agency's regional office. The total cost paid was within an authorized amount, the procurement process was open and competitive, the government benefited from the transaction, no corruption transpired, and the objective, i.e., having its own office building was accomplished. Eventually, the issue was resolved when appealed to the Commission itself, i.e., the Commission concurred that the transaction was in order.
4. Inability of auditors to appreciate the nature of agency work. Some auditors are accused of not fully understanding the nuances of agency operations, particularly the resource constraints faced, and thus are not in a position to render a fully-informed judgment on certain transactions. In highly technical operations, for instance, some auditors lack the necessary skills to fully grasp the complexities of the processes involved. Likewise, in times of emergency, certain rules may have to be forgone in the greater interest of public service.

Feasibility of Recommendation. Certain recommendations in the audit reports can no longer be undertaken for reasons beyond the control of present management. Most obvious of these are instances where court cases have lingered with no immediate resolution in sight. Likewise, long-standing audit findings involving collectibles from persons or institutions which could no longer be located, or where documents could no longer be traced, could not be written off the books despite proof of due diligence in collecting on the part of the agency.

Agency management is, however, given sufficient time to respond to audit findings and justify transactions. In the event that the Resident Auditor is not convinced of the justifications given, the agency may appeal to the Commission itself, through the usual channels.

Conflict of interest. While auditors are independent, they are human beings subject to human frailties. Reports of auditors opinions being influenced by benefits derived from agencies audited are not unusual. In several agencies, for instance, there have been reports of payments of allowances or other additional compensation to agency personnel which auditors passed in audit simply because the auditors themselves benefited from said illegal disbursements. Even with the issuance of a COA directive to its own auditors prohibiting the partaking of any form of benefits from audited agencies did not fully deter unscrupulous auditors from violating their own internal rules.

IV. USERS OF COA REPORTS

The limitations, notwithstanding, COA reports remain the most trusted of reports rendered to the general public due to the constitutional independence of the Commission itself, as well as the fact that the general public has generally easy access to COA reports of financial performance. Apart from the budget documents submitted to Congress annually by the fiscal authorities, the COA reports are the most comprehensive financial reports the general public can find on the financial status of the public sector.

In general, COA reports are used by:

1. Government agency submitted to audit;
2. Congress, including congressional committees, individual members and staff;
3. Other oversight agencies in the government;
4. Investors, particularly in government corporate projects;
5. Financial analysts;
6. Multilateral, bilateral and other foreign institutions;
7. Researchers, academicians, consultants and the like;
8. Government employees, including unions;
9. Students; and
10. The general public.

The above users use COA reports to obtain information to achieve various ends. The most significant users, however, are those who use findings to change or influence policy to improve existing financial management in the public sector. This means that Congress as well as the fiscal and financial authorities in the national government. If audited opinions are any indication, COA reports have not been extensively used to its maximum potential. Unfortunately, the nature of public goods provision in the Philippines appear to be such that financial governance is generally irrelevant to the allocation of funds to government agencies, resulting in a distorted performance incentive system that further weakens the oversight authority of an even the Constitutionally mandated supreme audit institution in the country.

V. EFFECTIVENESS OF COA REPORTS

While there are many users, the COA reports do not generally influence the size as well as the allocation of fiscal resources in the government such that their utility in the overall public financial management system in the Philippines has not been fully recognized. Many factors contribute to this, most of which are beyond COA's authority. The manifestations of audit reports and its effectiveness in influencing the size and the allocation of the budget can readily be seen through a simple analysis of audit opinions on government entities. Tables 1 and 2 below summarize the audit opinions rendered by COA for the 16-year period FY 1992 to 2007 (details are shown in Appendix A, B and C).

TABLE 1: SUMMARY OF AUDIT OPINIONS, 1992 - 2007

	Number	%
Audit population	5148	100.0
Unqualified opinions	645	12.5
Qualified opinions	3769	73.2
Adverse opinions	477	9.3
Disclaimers	257	5.0

TABLE 2: SUMMARY OF AUDIT OPINIONS, BY FISCAL YEAR

Fiscal Year	Unqualified	Qualified	Adverse	Disclaimer	Total
1992	31	123	25	18	197
1993	35	128	36	26	225
1994	37	148	37	23	245
1995	31	165	33	22	254
1996	43	176	39	20	278
1997	43	193	31	21	288
1998	42	220	23	20	305
1999	50	237	22	20	329
2000	60	250	24	19	353
2001	48	265	23	22	358
2002	28	306	29	15	375
2003	31	311	29	11	382
2004	29	323	25	8	385
2005	42	308	35	5	390
2006	41	315	35	4	395
2007	57	301	31	3	392
Total	645	3769	477	257	5148

As the above tables clearly show, very few (12.5%) agencies earned a clean opinion on their financial statements; the substantial majority were slapped with either a qualified (73.2%), an adverse (9.2%), or a disclaimer (5.0%) rating. There is no perceptible change on the opinions over the years, although there have been changes in the agencies involved. In spite of these glaring unfavorable opinions on agency financial performance, there seem to be no clear impact on agency financial operations. The proportion of qualified, adverse and disclaimer opinions have not changed significantly, from 84.2% in 1992 to 85.5% in 2007. It is particularly interesting to note that Adverse Opinions have persisted over the years, although Disclaimers have been drastically reduced. Yet the continued existence of the agencies and the non-resolution of the issues are testaments to the ineffectiveness of even COA's audit report in reforming agency financial practices.

National Government Agencies

NGAs are no better than other levels of government in collecting unfavorable audit marks. For the period reviewed, COA gave a rating of Unqualified only 316 times (Table 3). The number of adverse opinions and disclaimers exceeded unqualified opinions; although in more recent years, the trend has been reversed. The bulk (52.3%) are Qualified, and growing in proportion to the total over the period indicated.

TABLE 3: SUMMARY OF AUDIT OPINIONS, BY FISCAL YEAR (NATIONAL GOVERNMENT)

Indicator	Unqualified	Qualified	Adverse	Disclaimer	Total
1992	18	74	13	8	113
1993	18	72	22	10	122
1994	20	83	25	9	137
1995	15	91	20	10	136
1996	26	95	21	9	151
1997	20	105	17	6	148
1998	22	125	10	7	164
1999	28	127	9	8	172
2000	27	122	12	7	168
2001	22	125	10	8	165
2002	15	137	11	3	166
2003	16	133	20	2	171
2004	13	143	17	1	174
2005	19	133	19	1	172
2006	18	136	18	1	173
2007	19	135	17	1	172
Total	316	1836	261	91	2504

NGAs with the most population of adverse opinions for the 16-year period are shown in Table 4. Interestingly, DPWH, the agency perceived to be most vulnerable to corruption in nationwide surveys has consistently received adverse rating for the past 16 years. Whether these ratings had any effect on DPWH management is debatable. Certainly, it had no impact on the budgetary allocation of this agency; its budget allocations have grown faster over the 16-year period than the growth of the total national budget itself. Similarly, DOTC, another agency that generally figures poorly in governance surveys received practically all adverse opinions except for four (4) years between 2001 – 2004. The only other agency that has consistently received adverse audit ratings in all the years indicated is MMDA. Curiously, despite MMDA’s negative rating from COA, it is perceived to be one of the most effective government agencies in the last four (4) years because of its “can do” attitude and clearly visible accomplishments in the Metro Manila area.

TABLE 4: PERCENTAGE OF ADVERSE OPINION PER AGENCY

	%
Department of Public Works and Highways	100.0
Metropolitan Manila Development Authority	100.0
Department of Transportation and Communication	75.0
Department of Foreign Affairs	56.2
Department of Health	50.0
Armed Forces of the Philippines - Army	50.0
Bureau of Internal Revenue	50.0

	%
National Mapping and Resource Information Authority	43.8
PAGASA	43.8
National Agricultural and Fishery Council	37.5
Department of Environment and Natural Resources	37.5
National Museum	37.5
Department of Labor and Employment	37.5
National Wages and Productivity Commission	

Other interesting observations are as follows:

1. The biggest department, DepEd has been rating poorly since 2003, with successive Adverse opinions from 2003 - 2007;
2. No department, including the Office of the President, got an Unqualified opinion. Only agencies with relatively small budgets got a clean bill;
3. Even the fiscal authorities (Department of Finance and Department of Budget and Management) have qualified ratings; COA itself has been issued a qualified opinion by its own auditors;
4. Excluding DPWH, DOTC and MMDA, six (6) other big executive departments all have adverse ratings at least 3 out of 7 times between 2001 – 2007. These departments are DAR (3 out of 7), DA (5 out of 7), DepEd (5 out of 7), DENR (5 out of 7), DFA (3 out of 7) and DTI (3 out of 7);
5. If the national government will be given a consolidated audit mark, it will likely be a Qualified opinion. COA, however, does not render an overall audit opinion on the consolidated statements as a whole.

Local Government Units

Only the audit opinions of provinces and selected cities are available on the COA website. Audit reports of municipalities are not publicly available and substantially no audit is undertaken for village-level units.

TABLE 5: SUMMARY OF AUDIT OPINIONS, BY FISCAL YEAR (PROVINCES AND CITIES)

Indicator	Unqualified	Qualified	Adverse	Disclaimer	Total
1992	9	31	4	9	53
1993	11	37	9	15	72
1994	12	44	5	14	75
1995	8	55	7	11	81
1996	10	61	10	11	92
1997	17	65	9	15	106
1998	15	73	5	13	106
1999	17	88	6	12	123
2000	26	107	4	12	149
2001	19	117	5	13	154
2002	5	143	12	12	172
2003	9	152	5	8	174
2004	11	154	3	7	175

Indicator	Unqualified	Qualified	Adverse	Disclaimer	Total
2005	19	151	7	4	181
2006	18	153	8	3	182
2007	30	142	7	2	182
Total	236	1573	106	161	2076

Just like national government entities, LGUs have a poor record of audit ratings. Table 5 shows the summary of opinions for the same period under review for provinces and cities in the Philippines. Unlike in the national government, however, Unqualified Opinions outnumber Adverse Opinions and Disclaimers. Surprisingly, even LGUs which are multi-awarded and highly recognized performers were not spared the harsh realities of COA audit. Specifically, Marikina City, Naga City, Puerto Princesa City and Quezon City, all of which have been nationally recognized for outstanding performance in their own right have all had qualified opinions in the last three years.

Government Owned and Controlled Corporations

GOCCs, including government financial institutions are slightly better off in terms of audit rating although the data available is incomplete (Table 6). Only 47 of 77 GOCCs have available audit ratings under the present data set.

TABLE 6: SUMMARY OF AUDIT OPINIONS, BY FISCAL YEAR (GOVERNMENT OWNED AND CONTROLLED CORPORATIONS)

Indicator	Unqualified	Qualified	Adverse	Disclaimer	Total
1992	4	18	8	1	31
1993	6	19	5	1	31
1994	5	21	7	-	33
1995	8	19	6	1	34
1996	7	20	8	-	35
1997	6	23	5	-	34
1998	5	22	8	-	35
1999	5	22	7	-	34
2000	7	21	8	-	36
2001	7	23	8	1	39
2002	5	26	6	-	37
2003	6	26	4	1	37
2004	5	26	5	-	36
2005	4	24	9	-	37
2006	5	26	9	-	40
2007	8	24	7	-	39
Total	93	360	110	5	568

The proportion of Unqualified Opinions (16.4%) is higher among GOCCs than in NGAs and LGUs. The proprietary nature of GOCCs would seem to indicate that they are more conscious of the impact of Audit Reports on the GOCC's prospects. The best rated GOCC is Land Bank of the Philippines which received consistently Unqualified Opinions 13 times out of the 16-year review period. Other GOCCs that have consistently fared well in audit is the Philippine Institute for Development Studies, a relatively small research organization. Among the worst, on the other hand, are Philippine National Railways, Philippine Postal Corporation and government specialty hospitals.

Nonetheless, GOCCs with adverse findings continue to operate regardless of audit findings. Evidently, the unfavorable findings on financial management has no significant impact on the ability of GOCCs to raise funds, given that the national government readily lends a hand in times of need to assist ailing GOCCs.

Annual Financial Reports and Special Audits

In its present form, the AFRs are rich sources of financial management data. However, it has a major flaw, and that has to do with the fact that there is no clear analysis of what happened to the budget approved by Congress every year. In theory, a good financial report would show budgets vs. actual performance in a clear fashion. Due to the complexity of government budgeting and accounting procedures, however, no such clear comparison can be obtained from the AFR. Specifically, the AFR provide no data on actual expenditures arising from specific line items approved in the GAA.

Another obvious defect pertains to the fact that the AFR does not have a complete summary of total funding allotments issued by the DBM, although individual agency audit reports contain these information. Prior to the migration to the New Government Accounting System (NGAS) in 2002, allotments released from authorized appropriations were part of government accounting records. With NGAS, however, said transactions were only recorded as memo entries in the books, resulting in the loss of control over the release of allotments to agencies. This defect, in fact, resulted in the national government releasing P36 billion excess allotments in 2007 without COA detecting this major anomaly. Due to problems of reconciliation, DBM and COA records of allotments issued do not match.

Once these two major flaws in the present accounting and auditing system are corrected, the AFRs will dramatically improve in utility and relevance to actual fiscal and financial decision making.

Special Audits are excellent sources of independent and reliable analysis of specific government transactions. They must be supported and extensively used by oversight authorities to improve public financial management

VI. PROMOTING GOOD GOVERNANCE THROUGH THE USE OF COA REPORTS

Properly used, COA reports can be powerful tools to enhance accountability and good fiscal governance in the public sector. Its many uses are obvious: tracking compliance to laws, rules and regulations; evaluating financial management practices; reporting on financial results; pinpointing responsibility for improper or illegal transactions, and deterring future fiscal wrongdoing. Unfortunately, these reports are oftentimes not used to its full potential. As previously stressed, the incentive structure in the public sector is such that even Adverse Opinions bear no consequence to the ability of agencies to raise funds or to secure additional budgetary allocation. In fact, no published study on the historical record of agencies using audit opinions as a measure of the effectiveness or efficiency of public financial management has been made. It is, therefore, important that COA reports be widely disseminated and promoted to encourage a wider audience of interested groups to participate and report on the financial performance of public sector institutions.

Among the suggested measures that can be undertaken to achieve this goal are as follows:

1. A regular public announcement of the issuance of the Annual Financial Reports of the government through a public forum with wide media coverage;
2. Inclusion of information on the general results of audit of the last available year in the budget proposal documents submitted to Congress;
3. Conduct of orientation-cum-training on the use of COA reports by COA's Training Unit for the benefit of civil society and other interested groups or individuals; and
4. Publication of all major agencies that earn Adverse opinions every year.

While the above suggestions will enhance transparency and dissemination of COA audit findings, other measures must be undertaken to strengthen COA's oversight function and improve its effectiveness as a deterrent against corrupt fiscal and financial behavior. This will require the following initiatives, among others:

1. COA must actively engage Congress and its oversight bodies on the results of its findings, particularly in cases of vital public interest, including producing more in-depth reports on the soundness of internal control systems of major agencies;
2. The results of Special Audit Reports must be given prominence, in some instances, more than the regular audits themselves, because of their strategic importance;
3. Because COA has no quasi-judicial powers, it must actively coordinate with other bodies within and outside government to encourage the filing of charges in the event of glaring corrupt practices in the government;
4. COA must exert efforts to complete the audit of agencies at the latest by June 30 after the end of the fiscal year. This will enable fiscal authorities to use the information contained in the audit reports for budget decision-making;
5. The AFR must be made consistent with the budget submitted to Congress to enable the latter to determine the actual expenditures arising from appropriated items in the General Appropriations Act;
6. Congress must strengthen its oversight powers through staff capability building, upgrading of its data base, and tracking of agency reports, among others;
7. There is a need to review long-standing audit issues and agree on the best way to dispose of them. Alternatively, the feasibility of undertaking a general cleaning of government books may have to be undertaken to improve current accountabilities and clearly identify responsibilities in the bureaucracy;
8. There must be strict implementation of COA's internal rules particularly those pertaining to entitlement of benefits from audited agencies to prevent conflict of interest situations to arise in the future.

VIII. CONCLUSION

Good fiscal and financial governance will be better served if the wealth of information obtained from COA Reports will be used wisely and extensively by oversight authorities and other interested parties. In

particular, unfavorable marks in audit must have some punitive consequence on responsible agencies if the COA reports are used.

Although many further improvements are desirable, the existing COA reports provide comprehensive, reliable and transparent primary information on many aspects of actual government operations. It is, therefore, necessary that the advocacy for the use of audit reports be continued and supported.

APPENDIX A - NATIONAL GOVERNMENT SECTOR, MATRIX OF AUDIT OPINION FOR THE PERIOD 1992 - 2007

Agencies	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Office of the President																
The President's Offices	X	X	BS-A IS-U	Q	A	A	Q	U	Q	Q	Q	Q	Q	Q	Q	Q
Office of the Vice President																
Department of Agrarian Reform	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	A	A	A	A	A
Department of Agriculture																
Office of the Secretary	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	A	A	A	A	A
Agriculture Credit Policy Council	Q	Q	Q	Q	U	Q	Q	Q	Q	Q	U	U	U	U	Q	Q
Bureau of Fisheries and Aquatic Resources	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	A	A	A	A	A
Bureau of Post-Harvest Research and Extension	X	X	Q	Q	U	X	U	U	U	U	Q	Q	Q	Q	Q	U
Cotton Development Administration							X	A	Q	X	Q	U	Q	Q	U	U
Fertilizer and Pesticide Authority	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	U	Q	Q	Q	Q	U
Fiber Industry Development Authority	Q	Q	Q	Q	Q	Q	Q	U	Q	Q	A	Q	Q	Q	Q	U
Livestock Development Council	Q	Q	Q	X	Q	Q	U	Q	Q	Q	Q	Q	Q	U	Q	Q
National Agricultural and Fishery Council	A	A	A	Q	Q	Q	Q	Q	Q	Q	Q	Q	A	Q	A	A
National Meat Inspection Service	Q	Q	Q	Q	U	Q	Q	Q	D	D	A	A	Q	Q	U	Q
Philippine Carabao Center							Q				Q	Q	Q	Q	Q	Q
Agriculture Training Institute	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Bureau of Agriculture and Fisheries Product Standards	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Bureau of Animal Industry	Q	A	D	A	A	X	Q	Q	Q	D	D	A	A	*	*	*
Bureau of Agricultural Research	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Bureau of Agricultural Statistics		Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	*	*	*
Bureau of Plant Industry	*	*	*	*	*	*	Q	D	*	*	*	*	*	*	*	*
Bureau of Soils and Water management	Q	Q	Q	Q	Q	D	Q	Q	Q	Q	Q	Q	Q			
Department of Budget and Management	X	BS=D IS=U	A	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Department of Education, Culture and Sports																
Office of the Secretary	X	X	X	X	X	X	X	Q	Q	Q	Q	A	A	A	A	A
National Book Development Board					D	Q	Q	Q		Q		Q	Q	Q	U	Q
National Museum	Q	A	A	A	A	A	A	Q	U	U	Q	Q	Q	Q	Q	Q
Philippine High School for the Arts	X	X	X	X	X	X	X	X	X	X	X	U	U	U	U	U
Bureau of Elementary Education	*	*	*	*	*	*	*	A	*	A	*	*	*	*	*	*
Bureau of Secondary Education	*	*	*	*	*	*	*	D	*	A	*	*	*	*	*	*
Bureau of Non-Formal Education	*	*	*	*	*	*	Q	D	*	*	*	*	*	*	*	*
Educational Development Project Implementing Task Force	A	Q	Q	A	Q	X	Q	A	A	A	*	*	*	*	*	*
School Health and Nutrition Center	*	*	*	*	*	*	*	Q	*	Q	*	*	*	*	*	*
Department of Energy	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Department of Environment and Natural Resources																

Agencies	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Office of the Secretary	X	X	X	X	A	X	Q	Q	Q	Q	Q	A	A	A	A	A
Environment management Bureau	X	X	X	X	X	X	X	D	Q	Q	Q	Q	Q	Q	A	A
Mines and Geo-Sciences Bureau	Q	Q	X	X	X	X	Q	Q	Q	X	Q	A	Q	Q	Q	Q
National Commission on Indigenous Peoples							Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
National Mapping and Resource Information Authority	Q	Q	Q	Q	Q	Q	Q	Q	A	A	Q	A	A	A	A	A
Palawan Council for Sustainable Development Staff	Q	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	A	A	A	Q	Q
Department of Finance																
Office of the Secretary	Q	Q	A	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Bureau of Customs	D	X	X	D	D	A	D	Q	D	Q	A	A	Q	Q	A	Q
Bureau of Internal Revenue	A	A	D	A	A	A	D	D	D	Q	Q	Q	Q	A	A	A
Bureau of Local Government Finance	Q	X	Q	U	Q	Q	Q	Q	Q	U	Q	Q	Q	Q	Q	Q
Bureau of the Treasury	X	D	X	D	D	D	D	Q	D	X	PR=Q NG=D	PR=Q NG=D	PR=D NG=Q	PR=D NG=Q	PR=D NG=Q	PR=D NG=Q
Central Borad of Assessment Appeals	Q	U	U	Q	Q	Q	Q	U	Q	Q	U	U	Q	Q	Q	Q
Cooperative Development Authority	D	X	D	X	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Fiscal Incentives Review Board	U	U	U	Q	U	U	U	U	U	U	U	U	U	U	Q	U
Insurance Commission	Q	Q	Q	Q	Q	Q	Q	Q	U	Q	Q	Q	Q	Q	Q	Q
National Tax Research Center	U	U	U	Q	U	U	U	U	U	U	U	U	U	U	U	Q
Privatization and Management Office												A	A	A	A	A
Board of Liquidators	*	*	*	*	A	A	*	*	A	*	*	A	Q	merged with PMO		
Department of Foreign Affairs																
Office of the Secretary	D	A	A	A	A	A	A	D	D	A	A	D	Q	A	Q	Q
Foreign Service Institute	U	A	A	D	D	D	D	D	Q	D	Q	Q	Q	Q	U	Q
Technical Cooperation Council of the Philippines	U	X	X	X	X	A	U	U	Q	U	Q	Q	Q	Q	Q	Q
UNESCO National Commission of the Philippines	X	X	X	X	X	X	Q	Q	Q	Q	D	Q	Q	Q	Q	Q
Department of Health																
Office of the Secretary	A	D	A	A	A	A	A	A	A	Q	Q	Q	Q	Q	Q	Q
Commission on Population	D	A	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
National Nutrition Council	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	A	A	Q	Q
Bureau of Food and Drugs	*	A	Q	Q	Q	Q	Q	Q	Q	A	A	A	A	*	*	*
Bureau of Quarantine and International Health Insurance	U	Q	U	Q	U	U	U	U	U	U	U	*	*	*	*	*
Department of Interior and Local Government																
Office of the Secretary	X	X	A	X	X	U	Q	Q	Q	Q	Q	Q	A	A	Q	Q
Bureau of Fire Protection	Q	A	A	Q	A	Q	Q	Q	Q	Q	Q	Q	Q	A	Q	Q
Bureau of Jail Management and Peology	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Local Government Academy			Q	U	U	U	U	U	U	Q	Q	Q	Q	Q	Q	Q
National Police Commission	Q	Q	Q	Q	Q	Q	U	Q	Q	U	Q	Q	Q	Q	Q	Q
Philippine National Police	X	X	X	X	Q	Q	X	Q	Q	Q	Q	Q	Q	Q	Q	Q
Philippine Public Safety College			Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Department of Justice																
Office of the Secretary	Q	A	A	Q	Q	Q	Q	Q	U	U	Q	Q	Q	Q	Q	Q
Bureau of Corrections	X	X	Q	X	X	Q	Q	Q	Q	U	Q	Q	Q	Q	Q	Q
Bureau of Immigration	X	D	D	D	D	D	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Commission on the Settlement of Land Problems	X	X	D	X	Q	Q	Q	Q	Q	Q	Q	Q	Q	U	U	U
Land Registration Authority	X	D	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	A
National Bureau of Investigation	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q

Agencies	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Office of the Government Corporate Counsel	Q	BS=D IS=U	BS=D IS=U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	U	Q	Q
Office of the Solicitor General	U	U	U	U	U	Q	Q	Q	U	U	Q	Q	Q	Q	U	Q
Parole and Probation Administration	X	X	BS=D IS=U	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Public Attorney's Office	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Department of Labor and Employment																
Office of the Secretary	A	A	A	Q	A	Q	Q	Q	Q	Q	A	A	Q	Q	Q	Q
Institute for Labor Studies	X	X	X	X	X	X	X	U	U	X	U	U	U	Q	U	U
National Conciliation and Mediation Board	U	U	U	U	U	U	U	Q	U	U	U	U	Q	Q	U	Q
National Labor Relations Commission	A	Q	Q	Q	U	U	U	U	Q	Q	Q	Q	Q	Q	No AC issued	Q
National Maritime Polytechnic	D	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	U	Q	Q	Q
National Wages and Productivity Commission	Q	A	A	A	A	A	A	Q	Q	Q	Q	Q	Q	Q	Q	Q
Philippine Overseas Employment Administration	X	X	Q	D	D	A	A	A	Q	Q	Q	Q	Q	Q	Q	Q
Technical Education and Skills Development Authority	X	X	X	X	X	X	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Bureau of Rural Workers	Q	Q	Q	Q	Q	A	Q	Q	Q	Q	Q	Q	A	A	A	A
Department of National Defense																
Office of the Secretary (DND Proper)	Q	Q	Q	Q	Q	Q	X	U	Q	Q	Q	Q	Q	Q	Q	Q
Government Arsenal	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
National Defense College of the Philippines	U	U	X	X	Q	Q	X	Q	A	X	Q	Q	Q	U	U	U
Office of Civil Defense	X	X	BS=D IS=U	X	X	X	X	U	Q	Q	Q	Q	Q	Q	Q	Q
Philippine Veterans Affairs Office																
PVAO (Proper)	X	X	BS=A IS=U	A	A	X	Q	Q	Q	Q	Q	Q	Q	Q	A	A
Military Shrines Service	X	X	U	X	U	U	U	Q	Q	Q	Q	Q	Q	Q	U	U
Veterans Memorial Medical Center	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Armed Forces of the Philippines																
Philippine Army	X	X	A	A	Q	D	D	D	D	D	A	A	A	A	A	A
Philippine Air Force	A	A	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Philippine Navy	Q	A	D	Q	Q	Q	Q	Q	D	Q	Q	Q	Q	Q	Q	Q
General Headquarters	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Presidential Security Group	X	X	X	X	Q	X	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Philippine Military Academy	U	A	A	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
AFP Medical Center																
Retirees and Reservists Affairs Program																
Exercise Balikatan																
Department of Public Works and Highways																
Office of the Secretary	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A
Department of Science and Technology																
Office of the Secretary	BS=A IS=U	Q	BS=A IS=U	D	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Advanced Science and Technology Institute	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Food and Nutrition Research Institute		Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Forest Products R & D Institute	D	D	A	A	Q	U	U	U	Q	Q	Q	Q	Q	Q	Q	Q
Industrial Technology Development Institute	BS=A IS=U	D	D	D	F101-D F102-D	F101-D F102-D	Q	Q	A	D	Q	Q	Q	Q	Q	Q
Metals Industry R & D Center	U	U	U	U	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q

Agencies	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
National Academy of Science and Technology	U	U	Q	U	Q	Q	U	U	U	Q	Q	Q	Q	U	Q	Q
National Research Council of the Philippines	X	X	Q	X	Q	X	X	Q	Q	Q	Q	Q	Q	Q	U	U
Philippine Atmospheric, Geophysical and Astronomical Services Administration	BS=A IS=U	BS=A IS=U	A	A	A	A	A	Q	A	A	Q	Q	Q	Q	Q	Q
Philippine Council for Advanced Science and Technology R & D	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Philippine Council for Agriculture, Forestry and Natural Resources R & D	U	Q	U	Q	Q	U	U	U	U	Q	Q	Q	Q	Q	Q	Q
Philippine Council for Aquatic and Marine R & D	X	X	X	Q	X	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Philippine Council for Health R & D	Q	Q	Q	Q	U	U	Q	U	U	Q	Q	Q	Q	Q	Q	Q
Philippine Council for Industry and Energy R & D	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Philippine Institute of Volcanology and Seismology	X	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Philippine Nuclear Research Institute	Q	X	Q	Q	Q	X	Q	Q	Q	BS=D IS=U	Q	Q	Q	Q	Q	Q
Philippine Science High School	X	X	Q	Q	Q	Q	Q	Q	Q	BS=D IS=U	Q	Q	Q	Q	Q	Q
Philippine Textile Research Institute	BS- F101-A F102-U F109-U IS-U	A	A	A	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Science Education Institute	D	Q	Q	A	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Technology Application and Promotion Institute	Q	BS=A IS=U	BS=A IS=U	A	A	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Department of Social Welfare and Development																
Office of the Secretary	A	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Council for the Welfare of Children	Q	U	Q	Q	U	Q	Q	Q	U	Q	Q	Q	Q	Q	Q	Q
Inter-Country Adoption Board							Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
National Council for the Welfare of Disabled Persons	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Department of Tourism																
Office of the Secretary	Q	Q	Q	Q	Q	Q	Q	Q	U	U	Q	Q	Q	Q	Q	Q
Intramuros Administration	A	A	A	X	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
National Parks Development Committee	Q	Q	Q	D	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Department of Trade and Industry																
Office of the Secretary	X	X	Q	Q	Q	Q	Q	Q	A	A	A	A	Q	Q	Q	Q
Board of Investments	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Construction Industry Authority of the Philippines	Q	U	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	U	Q	Q
Construction Manpower Development Foundation	X	X	X	X	X	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Philippine Trade Training Center	X	X	X	D	Q	Q	Q	Q	Q	Q	Q	Q	Q	U	Q	Q
Product Development and Design Center of the Phils	U	U	U	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Department of Transportation and Communication																
Office of the Secretary	A	A	A	A	A	A	A	A	A	Q	Q	Q	Q	A	A	A
Civil Aeronautics Board		Q	Q	Q	Q	Q	Q	Q	U	Q	U	Q	U	U	U	Q
Maritime Industry Authority	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
National Telecommunications Commission	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	U
Office of the Transportation Cooperatives							U	U	Q	Q	U	U	U	U	U	U
Office for transportation Security														Q	Q	Q
Toll Regulatory Board	A	Q	Q	Q	A	Q	Q	Q	U	U	Q	Q	Q	Q	Q	Q

Agencies	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Commission on Information and Communications Technology (CICT)														Q	Q	Q
National Economic and Development Authority																
Office of the Director General	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
National Statistical Coordination Board	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
National Statistics Office	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Philippine National Volunteer Service Coordinating Agency	U	U	U	U	U	U	U	U	U	U	U	U	Q	Q	Q	Q
Statistical Research and Training Center	X	U	Q	X	Q	X	Q	U	U	X	X	X	Q	Q	Q	Q
Tariff Commission	X	X	X	X	D	Q	Q	X	Q	X	X	X	U	Q	Q	Q
Office of the Press Secretary																
Office of the Secretary	Q	Q	A	A	A	Q	Q	Q	Q	U	Q	Q	Q	Q	Q	Q
Bureau of Broadcast Services	D	D	D	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Bureau of Communications Services	Q	Q	Q	Q	U	U	Q	U	U	U	Q	Q	Q	Q	Q	Q
National printing Office	Q	A	BS=A IS=U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
News and Information Bureau	Q	A	BS=A IS=U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Philippine Information Agency	Q	Q	A	Q	Q	Q	Q	Q	Q	Q	A	Q	Q	Q	Q	Q
Presidential Broadcast Staff (RTVM)	Q	U	U	Q	Q	U	U	Q	Q	U	Q	Q	Q	U	Q	Q
Other Executive Offices																
Anti-Money laundering Council														Q	Q	Q
Commission on Filipinos Overseas		Q			Q	Q		Q		Q	Q	Q	Q	Q	A	Q
Commission on Higher Education				A	Q	Q	Q	U	Q	Q	Q	Q	Q	Q	Q	Q
Commission on the Filipino Language	X	Q	A	X	A	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	U
Dangerous Drugs Board	Q	Q	Q	Q	Q	Q	Q	U	Q	Q	Q	Q	Q	Q	Q	Q
Energy Regulatory Commission	U	U	U	U	U	Q	U	Q	U	D	Q	U	Q	Q	Q	Q
Film Development Center of the Philippines												U	U	U	U	Q
Games and Amusement Board	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	U	Q	Q	Q	U
Housing and Land Use Regulatory Board	U	X	X	U	U	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Housing and Urban Development Coordinating Council	X	X	X	Q	U	Q	U	U	U	BS=Q IS=U	Q	A	Q	Q	U	Q
Movie and Television Review and Classification Board	X	Q	X	X	U	U	X	Q	Q	Q	Q	Q	Q	Q	Q	Q
National Anti-Poverty Commission							Q	Q	Q	D	Q	Q	Q	Q	Q	Q
National Commission for Culture and the Arts																
NCCA Proper	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
National Historical Institute	U	D	Q	Q	Q	Q	D	Q	Q	Q	Q	Q	Q	Q	Q	Q
The National Library	X	X	X	Q	X	X	Q	X	Q	U	X	Q	Q	Q	Q	Q
National Museum																
National Archives of the Philippines	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
National Commission on the Role of Filipino Women	X	X	X	Q	Q	Q	Q	U	Q	Q	Q	Q	Q	Q	Q	Q
National Council on Disability Affairs																
National Intelligence Coordinating Agency	X	U	Q	U	U	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
National Security Council	X	X	U	Q	Q	Q	Q	U	U	Q	Q	Q	Q	Q	Q	Q
National Water Resources Board	Q	X	U	Q	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
National Youth Commission	X	X	U	U	U	Q	U	Q	Q	U	Q	Q	Q	Q	Q	Q
Office on Muslim Affairs	D	D	D	D	D	A	A	A	A	D	D	D	Q	Q	Q	Q
Optical Media Board	X	X	X	X	X	X	X	U	U	U	U	U	U	U	Q	U
Palawan Council for Sustainable Development Staff																

Agencies	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Philippine Drug Enforcement Agency													Q	Q	Q	Q
Philippine Racing Commission	Q	U	Q	Q	Q	U	U	Q	U	Q	Q	U	U	U	Q	U
Philippine Sports Commission	Q	D	A	A	A	A	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Presidential Commission on Good Government	F101,18 4,15=8 F151=U	F101,1 84,158 =D F151= U	Q	U	U	Q	Q	Q	Q	Q	Q	Q	Q	U	Q	U
Presidential Commission for the Urban Poor	X	Q	X	X	X	Q	Q	X	Q	Q	Q	Q	Q	A	Q	Q
Presidential Legislative Liaison Office	X	Q	Q	U	Q	U	U	U	U	U	U	U	U	U	U	U
Presidential Management Staff	BS=D IS=U	BS=D IS=U	BS=D IS=U	Q	Q	Q	Q	Q	Q	Q	U	Q	Q	Q	Q	Q
Professional Regulation Commission	U	Q	U	Q	Q	Q	Q	Q	Q	Q	U	Q	Q	Q	Q	Q
Securities and exchange Commission	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Metropolitan Manila Development Authority	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A
Autonomous Region in Mislum Mindanao																
Autonomous Regional Govt in Muslim Mindanao																
Joint Legislative-Executive Councils																
Legislative-Executive Development Advisory Council	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
The Judiciary																
Supreme Court of the Philippines & the Lower Courts																
Presidential Electoral Tribunal																
Sandiganbayan																
Court of Appeals																
Court of Tax Appeals																
Civil Service Commission																
Civil Service Commission																
Career Executive Service Board																
Commission on Audit																
Office of the Ombudsman																
Commission on Human Rights																

APPENDIX B – LOCAL GOVERNMENT SECTOR, MATRIX OF AUDIT OPINION FOR THE PERIOD 1992 - 2007

	LGUs	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
NCR																	
	Caloocan	D	F	D	Q	Q	Q	Q	D	D	D	D	D	Q	Q	A	A
	Las Pinas	FR	FR	FR	Q	Q	Q	Q	Q	Q	Q	Q	A	Q	Q	Q	Q
	Makati	D	D	D	D	NR	D	Q	Q	Q	Q	D	D	D	A	A	Q
	Malabon	No copies of AAR on file	Q	Q	Q	Q	Q	Q	Q	Q	Q						
	Mandaluyong	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A
	Manila	FR	D	FR	Q	Q	FR	Q	Q	Q	Q	A	A	A	A	A	A
	Marikina	U	U	U	U	U	U	U	U	U	Q	Q	Q	Q	Q	Q	Q
	Muntinlupa	F	F	F	A	F	Q	Q	Q	Q	Q	Q	Q	D	D	Q	Q
	Navotas	F	F	F	F	F	F	FR	FR	Q	Q	A	Q	Q	Q	Q	Q
	Paranaque	F	F	F	F	F	F	F	F	Q	A	A	A	A	A	A	A
	Pasay	A	A	A	A	A	A	A	A	Q	Q	A	Q	Q	Q	Q	Q
	Pasig	FR	A	A	A	A	FR	FR	D	D	A	FR	Q	Q	A	A	A
	Pateros	Q	No copy of AAR	No copy of AAR	No copy of AAR	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	U
	Quezon City	NR	A	Q	Q	Q	Q	U	Q	Q	D	Q	Q	Q	Q	Q	Q
	San Juan	NR	NR	Q	Q	Q	Q	Q	Q	Q	Q	D	Q	Q	D	D	Q
	Taguig		Q	Q		A	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
	Valenzuela	FR	FR	Q	Q	Q	A	Q	Q	Q	Q	D	D	D	D	D	A
	PLM	U	U	U	U	Q	FR	FR	FR	Q	Q	Q	Q	U	Q	A	Q
	OCGH	Q	D	A	A	A	A	A	Q	A	A	D	U	Q	Q	A	Q
CAR																	
	Baguio City	Q	Q	Q	*	*	Q	Q	*	U	Q	Q	Q	Q	Q	Q	Q
	Abra	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	Q	Q
	Apayao	*	Q	Q	Q												
	Benguet	NR	NR	NR	NR	NR	NR	NR	Q	Q	Q	Q	Q	Q	Q	Q	Q
	Ifugao	*	Q	Q	Q	Q	Q	Q	D	*	D	Q	Q	Q	U	Q	U
	Kalinga	*	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	U	U	U
	Mountain Province	Q	Q	*	*	*	Q	A	Q	Q	Q	Q	Q	U	Q	U	U
Region I																	
	Alaminos City									Q	Q	Q	Q	Q	Q	Q	U
	Candon City	*	*	Q	Q	Q	*	*	Q	*	Q	*	Q	Q	Q	Q	Q
	Dagupan City	Q	No copy of AAR	No copy of AAR	Q	Q	Q	Q	Q	Q	Q	Q					
	Laoag City	*	*	*	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	U	Q	Q
	San Carlos City	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	U	Q	U	U
	San Fernando City													Q	Q	Q	Q
	Urdaneta City						Q	Q	Q	Q	Q	A	Q	Q	Q	Q	Q

	LGUs	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
	Vigan City	Q	Q	Q	Q	Q	*	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
	Ilocos Norte	*	*	*	*	*	*	*	A	Q	Q	Q	Q	Q	Q	Q	Q
	Ilocos Sur	*	A	*	*	*	A	A	A	A	A	Q	Q	Q	Q	Q	Q
	La Union	*	*	Q	Q	*	Q	Q	*	Q	Q	Q	Q	Q	Q	Q	Q
	Pangasinan	Q	Q			Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Region II																	
	Cauayan City	*	*	*	Q	*	Q	Q	U	U	Q	Q	Q	Q	U	U	U
	Santiago City	*	Q	Q	Q	Q	Q	Q	U	Q	Q	Q	Q	Q	Q	Q	Q
	Tuguegarao City	D	D	D	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
	Batanes	Q	Q	U				Q	Q	Q	Q	Q	Q	Q	Q	U	Q
	Cagayan	D	A	Q	Q	Q	Q		Q	Q	Q	Q	Q	Q	Q	Q	Q
	Isabela	*	*	*	Q	*	*	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
	Nueva Vizcaya	D	D	Q	Q	Q	U	U	Q	U	Q	Q	Q	Q	U	Q	Q
	Quirino		D				Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Region III																	
	Angeles City				Q	Q			Q	Q	Q	Q	Q	Q	Q	Q	Q
	Balanga City																
	Cabanatuan City		Q	D	D	D	D	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
	Gapan City								Q	Q		Q	Q	Q	Q	Q	Q
	Malolos City					Q			Q	Q	Q	Q	Q	Q	Q	Q	Q
	Olongapo City	Q	Q	Q	Q	Q	Q	Q					Q	Q	Q	Q	Q
	San Jose Del Monte						Q		Q			Q	Q	Q	Q	Q	Q
	Tarlac City																
	Aurora											Q	Q	Q	Q	U	
	Bataan														Q	Q	Q
	Bulacan		A			Q		Q			Q	Q	Q	Q	Q	Q	Q
	Pampanga	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	Q	Q	Q	Q	Q	Q
	Nueva Ecija											Q	Q	Q	Q	Q	Q
	Tarlac	NR	NR	NR	NR	D	D	D	D	D		NR	Q		Q	Q	Q
	Zambales	*	*	*	*	*	*	Q	*	*	Q	Q	Q	Q	Q	Q	Q
Region IV-A																	
	Calamba City	*	*	*	*	U	U	Q	*	Q	*	Q	Q	Q	Q	Q	Q
	Cavite City	Q	*	Q	*	*	Q	U	U	U	U	Q	Q	Q	Q	Q	Q
	San Pablo City	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
	Santa Rosa City	*	*	*	*	U	Q	Q	*	Q	*	Q	Q	Q	Q	Q	Q
	Tanauan City	A	*	Q	Q	Q	U	U	*	U	Q	Q	Q	Q	Q	Q	Q
	Trece Martires City	*	A	A	A	A	A	A	Q	Q	Q	Q	Q	Q	Q	Q	Q
	Batangas	*	*	*	*	Q	Q	Q	*	Q	Q	Q	Q	Q	Q	Q	Q
	Laguna	*	*	*	*	Q	Q	*	*	Q	*	Q	Q	Q	Q	Q	Q
	Quezon	*	*	*	*	D	D	Q	*	Q	*	Q	Q	Q	Q	Q	Q
	Rizal	*	D	*	D	D	D	*	D	D	D	D	D	Q	Q	Q	Q
Region IV-B																	
	Marinduque	U	U	Q	U	U	U	U	U	U	U	Q	Q	Q	Q	Q	Q
	Occidental Mindoro	*	*	*	*	*	U	U	*	U	U	Q	Q	Q	Q	Q	Q
	Oriental Mindoro	*	*	*	*	*	D	D	*	*	*	Q	Q	Q	Q	Q	Q
	Palawan	*	*	*	*	*	*	*	U	U	U	D	Q	Q	Q	Q	Q
	Romblon	D	D	D	D	D	D	D	D	Q	Q	Q	Q	Q	Q	Q	Q
Region V																	
	Iriga City	Q	Q	Q	*	Q	Q	Q	Q	*	*	Q	Q	Q	Q	Q	Q
	Legazpi City	*	*	*	*	*	*	*	*	Q	Q	Q	Q	Q	Q	Q	Q
	Ligao City	*	*	*	*	*	*	*	*	*	Q	Q	Q	Q	Q	Q	Q

LGUs	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Masbate City	*	*	*	*	*	*	*	*	*	Q	Q	Q	Q	Q	Q	Q
Naga City	*	*	*	*	*	*	*	U	U	Q	Q	Q	Q	Q	Q	Q
Sorsogon City	*	*	*	*	*	*	*	*	Q	Q	Q	Q	Q	Q	Q	Q
Tabaco City	*	*	*	*	*	*	*	*	*	*	Q	Q	Q	Q	Q	Q
Albay	*	*	Q	Q	Q	Q	Q	Q	*	U	Q	Q	Q	Q	Q	Q
Camarines Norte	D	D	Q	A	Q	Q	*	Q	Q	Q	Q	Q	Q	Q	Q	Q
Camarines Sur	*	*	Q	*	*	*	*	*	*	*	Q	Q	Q	Q	D	Q
Catanduanes	*	*	*	*	*	*	*	*	Q	Q	Q	Q	Q	Q	Q	Q
Masbate	*	*	*	*	*	*	*	*	*	*	D	Q	Q	Q	Q	D
Sorsogon	*	*	*	*	*	*	*	Q	*	Q	Q	Q	Q	Q	Q	Q
Region VI																
Bacolod City	*	D	D	D	D	D	D	Q	Q	Q	Q	Q	D	D	Q	Q
Bago City	Q	Q	D	D	D	D	D	D	D	D	Q	Q	Q	Q	Q	Q
Cadiz City	Q	Q	NR	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	U
Escalante City	*	*	*	*	*	*	*	*	U	U	U	Q	Q	Q	Q	U
Himamaylan City	*	*	*	*	*	*	*	*	Q	Q	Q	Q	Q	Q	Q	Q
Iloilo City	*	*	*	*	*	Q	Q	Q	Q	D	Q	Q	Q	Q	Q	Q
Kabankalan City	*	*	*	*	*	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
La Carlota City	*	*	*	*	*	U	U	U	U	U	U	Q	Q	Q	Q	U
Passi City	*	*	*	*	*	*	*	*	Q	Q	Q	Q	Q	Q	U	U
Roxas City	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	U	Q	Q	U	U
Sagay City	*	*	*	*	*	*	*	Q	U	Q	NR	Q	Q	Q	Q	U
San Carlos City	Q	U	U	U	U	U	U	Q	Q	Q	Q	U	U	U	U	U
Silay City	*	*	*	*	*	*	*	*	D	Q	Q	Q	U	Q	Q	U
Sipalay City	*	*	*	*	*	*	*	*	Q	Q	Q	Q	Q	Q	Q	Q
Talisay City	*	*	U	U	U	U	*	Q	Q	Q	Q	Q	Q	Q	Q	U
Victoria City	*	*	U	Q	U	U	U	Q	Q	U	*	U	U	Q	U	U
Aklan	*	*	*	*	*	*	*	*	*	*	*	U	U	Q	Q	U
Antique	*	D	U	*	A	A	*	A	A	Q	A	Q	Q	Q	Q	U
Capiz	*	*	*	*	*	*	*	*	Q	Q	Q	Q	Q	Q	Q	Q
Guimaras	*	*	*	*	Q	Q	Q	Q	Q	Q	Q	NR	Q	Q	Q	Q
Iloilo	*	*	*	*	*	*	*	*	U	Q	Q	Q	Q	Q	Q	Q
Negros Occidental	Q	Q	*	*	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
REGION VII																
Bais City	U	U	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Bayawan City	*	*	*	U	U	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Canlaon City	*	U	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Danao City	Q	Q	U	Q	*	U	U	U	Q	Q	Q	U	Q	Q	Q	Q
Dumaguete City												Q	Q	Q	Q	Q
Mandaue City	NR	NR	NR	NR	NR	NR	NR	U	U	U	Q	Q	Q	Q	Q	Q
Tagbilaran City	*	*	*	*	*	*	*	*	*	Q	Q	Q	Q	Q	Q	Q
Talisay City	*	*	*	*	*	*	*	Q	Q	Q	Q	Q	Q	Q	Q	Q
Tanjay City	*	*	*	*	Q	Q	Q	Q	Q	*	Q	Q	Q	Q	Q	Q
Toledo City	D	D	D	Q		D	D	D	D	D	A	Q	Q	Q	Q	A
Bohol	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Cebu	*	*	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Negros Oriental	Q	Q	D	D	Q			Q	Q	D	Q	Q	Q	Q	Q	Q
Siquijor		Q		Q	Q	Q		Q		Q			Q	Q	Q	Q
REGION VIII																
Biliran City	NR	NR	NR	NR	NR	NR	NR	Q	Q	Q	Q	Q	Q	Q	Q	Q
Calbayog City	U	NR	NR	NR	Q	Q	Q	Q	Q	Q	Q	U	Q	Q	Q	Q

LGUs	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Maasin City	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	Q	Q	Q	U	U	Q
Ormoc City	NR	NR	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Tacloban City	NR	U	Q	Q	D	Q	NR	Q	Q	Q	Q	Q	D	Q	Q	Q
Eastern Samar								Q	Q	Q	Q	U	Q	Q	Q	Q
Province of Leyte	NR	NR	NR	NR	NR	NR	D	Q	Q	Q	Q	Q	Q	Q	Q	Q
Northern Samar	NR	NR	Q	Q	Q	Q	D	D	Q	Q	Q	U	U	Q	Q	U
Samar								Q	Q	Q	A	Q	Q	Q	Q	D
Southern Leyte	NR	NR	NR	NR	NR	NR	Q		Q	Q	Q	Q	Q	Q	Q	Q
REGION IX																
Dapitan City	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Dipolog City	*	Q	Q	U	Q	U	Q	U	U	Q	Q	Q	Q	Q	Q	Q
Isabela City	*	D	Q	*	Q	*	D	*	*	Q	A	A	Q	A	Q	Q
Pagadian City			Q	Q	A	A	D	U	Q	D	A	Q	Q	Q	Q	Q
Zamboanga City	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Zamboanga del Norte	*	Q	*	Q	Q	U	U	Q	U	U	Q	Q	Q	Q	Q	Q
Zamboanga del Sur	*	*	*	*	*	Q	*	*	Q	*	A	Q	Q	Q	Q	Q
Zamboanga Sibugay											Q	Q	Q	Q	Q	Q
REGION X																
Cagayan de Oro City						D	D	D	Q	Q	Q	Q	Q	Q	Q	Q
Gingoog City	NR	NR	NR	NR	NR	Q	Q	Q	Q	U	Q	Q	Q	Q	Q	Q
Iligan City	U	*	*	*	Q	Q	*	U	U	Q	Q	D	D	Q	Q	Q
Malaybalay City						Q	Q	Q	Q	Q	Q	Q	Q	U	U	U
Oroquieta City	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	U	Q	U	U	U
Ozamis City	Q	Q	U	U	U	Q	Q	U	U	U	Q	D	Q	Q	U	U
Tangub City	Q	D	D	D	D	D	Q	Q	Q	Q	Q	Q	Q	U	U	Q
Valencia City									Q	U	Q	Q	Q	Q	Q	Q
Bukidnon									Q	Q	Q	Q	Q	Q	Q	Q
Camiguin	Q	U	U	D	U	U	U	U	U	U	U	Q	U	U	U	U
Lanao del Norte													Q	Q	Q	Q
Misamis Occidental	Q	split	split			Q	Q	Q	Q	Q	Q	Q	Q	U	Q	Q
Misamis Oriental	Q	D	FR	FR	FR	FR	FR	FR	D	D	D	D	D	Q	U	U
REGION XI																
Davao City	D	Q	D	D	D	D	D	D	D	D	D	Q	Q	U	Q	Q
Digos City	NA	NA	NA	NA	NA	NA	NA	NA	U	Q	Q	Q	Q	Q	Q	Q
Panabo City	NA	NA	NA	NA	NA	NA	NA	NA	NA	D	Q	Q	Q	U	Q	Q
Samal City	NA	NA	NA	NA	NA	NA	Q	D	Q	Q	U	Q	Q	Q	Q	Q
Tagum City	NA	NA	NA	NA	NA	NA	Q	Q	D	D	Q	Q	U	U	Q	U
Compostela Valley	NA	NA	NA	NA	NA	NA	Q	Q	U	Q	Q	Q	Q	U	Q	Q
Davao Oriental		Q		Q	Q		Q	Q	Q	Q	Q	Q	U	U	Q	Q
Davao del Norte						Q	Q	Q	Q	U	Q	Q	U	U	Q	U
Davao del Sur	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
REGION XII																
Cotabato City	*	*	*	Q	Q	Q	Q	Q	Q	Q	Q	Q				Q
General Santos City						U	Q			Q	Q	Q	Q	Q	Q	Q
Kidapawan City	*	*	*	*	*	*	*	*	*	*	Q	Q	Q	Q	Q	Q
Koronadal City										Q	Q	Q	Q	Q	Q	Q
Tacurong City	NR	NR	NR	NR	NR	NR	NR	NR	U	U	Q	Q	Q	U	Q	Q
Cotabato									Q	Q	Q	Q	Q	Q	Q	Q
Sarangani	*	U	D	Q	Q	Q	D	*	Q	U	*	Q	Q	Q	Q	Q

LGUs	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
South Cotabato	*	*	*	No inventor y of properti es	*	*	Q	Q	U	U	U	Q	Q	Q	Q	Q	
Sultan Kudarat	*	*	Q	Q	*	Q	*	Q	Q	Q	Q	Q	Q	Q	Q	U	U
REGION XIII																	
Bislig City	U	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Butuan City	U	Q	Q	Q	Q	U	U	U	U	U	Q	Q	Q	Q	Q	Q	Q
Surigao City		Q	Q	Q	Q	Q	Q	Q	U	Q	Q	Q	Q	Q	Q	Q	Q
Agusan del Norte		Q	Q		A	D	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	U
Agusan del Sur	U	A	D	D	A	A	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Surigao del Norte	A	Q	Q	Q	D	Q	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	U
Surigao del Sur		U	D	Q	Q	Q		Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
ARMM																	
Marawi City	*	*	*	*	*	*	*	*	*	*	D	D	*	Q	Q	Q	Q
Basilan	*	*	*	Q	Q	D	*	U	*	*	Q	Q	Q	Q	Q	Q	Q
Lanao del Sur											Q	Q		A	Q	Q	
Maguindanao	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q		Q	Q	
Sulu	*	*	*	Q	*	Q	*	Q	*	Q	*	*	Q	Q	Q	Q	
Tawi-Tawi	*	*	*	*	*	A	*	A	*	*	Q	Q	Q	Q	Q	Q	
Note: * No available data/ AAR cannot be located/ not on file/ no report/ record																	

APPENDIX C – CORPORATE GOVERNMENT SECTOR, MATRIX OF AUDIT OPINION FOR THE PERIOD 1992 - 2007

Agency	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Center for International Trade Expositions and Missions	Q	Q	Q	Q	U	U	Q	Q	U	Q	Q	Q	Q	Q	Q	Q
Cottage Industry Technology Center	*	*	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Duty Free Philippines	*	*	*	Q	Q	Q	Q	Q	Q	Q	Q	Q	^	^	^	Q
Intercontinental Broadcasting Corporation	From 1992 to 2002 - audited by the National Government Sector, COA											CYs 2003 to 2007 audit on-going				
Laguna Lake Development Authority	Not on file	Q	U	U	U	U	U	U	U	U	U	U	U	Q	Q	Q
Land Bank of the Philippines	U	U	Q	U	U	U	Q	Q	U	U	U	U	U	U	U	U
Light Rail Transit Authority	Q	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Livelihood Corporation										Q	Q	Q	Q	A	Q	Q
Lung Center of the Philippines	from 1992 to 1995 - no file copy found due to fire incident on May 16, 1998				A	A	A	A	A	A	Q	Q	Q	Q	Q	Q
Mactan-Cebu International Airport Authority	U	Q	Q	Q	Q	Q	Q	Not on file	Q	A	A	A	A	A	Q	A
Manila International Airport Authority	A	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
National Dairy Authority	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
National Development Company	U	U	U	U	U	U	Q	Q	U	U	U	U	U	U	U	U
National Electrification Administration	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	U
National Food Authority	Q	Q	Q							Q				Q	Q	Q
National Irrigation Administration - F101, 102, 161 and 171											No opinion	No opinion	No opinion	No opinion	A	A
National Irrigation Administration - F158											No opinion	No opinion	No opinion	No opinion	No opinion	No opinion
National Irrigation Administration - F501	A	-	Q	Q	Q	Q	No opinion	No opinion	No opinion	No opinion	A	No opinion	No opinion	No opinion	A	A
National Kidney and Transplant Institute (formerly National Kidney Institute)	A	A	A	A	A	A	A	A	Q	A	Q	Q	Q	Q	Q	Q
National Tobacco Administration	Q	Q	Q	Q	Q	No opinion	No opinion	No opinion	A	Q	Q	Q	Q	A	A	Q
Natural Resources Development Corporation	Q	Q	Q	Q	*	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Northern Foods Corporation	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q						
Occupational Safety and Health Center	Q	Q	Q	Q	Q	Q	Q	Q	U	U	U	U	Q	Q	U	U
Overseas Workers Welfare Administration	A	Q	A	A	A	A	A	A	Q	Q	Q	Q	Q	Q	Q	Q
Philippine Aerospace Development Authority	Q	Q	Q	A	A	Q	U	Q	Q	Q	Q	Q	Q	Q	Q	MNGT. Letter
Philippine Agricultural Development and Commercial Corporation												No opinion	No opinion	No opinion	No opinion	
Philippine Children's Medical Center	A	A	A	A	A	A	A	A	A	A	Q	Q	Q	Q	Q	Q

Agency	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Philippine Coconut Authority	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Philippine Convention and Visitors Corporation	U	U	U	U	Q	Q	U	U	Q	U	Q	Q	Q	A	Q	Q
Philippine Crop Insurance Corporation	A	A	A	U	A	Q	Q	U	Q	Q	Q	U	A	Q	Q	U
Philippine Fisheries Development Authority	Q	U	U	U	U	U	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Philippine Forest Corporation (a)															A	No opinion
Philippine Genetics, Inc.								Q	A	A	A	A	A	A	A	
Philippine Health Insurance Corporation	None	None	None	None	Q	Q	A	A	A	D	Q	Q	U	U	U	U
Philippine Heart Center	A	A	A	A	A	File not found	U	U	U	U	Q	Q	Q	Q	Q	Q
Philippine Institute for Development Studies	Q	Q	Q	U	U	U	U	U	U	U	U	U	U	U	U	U
Philippine Institute of Traditional and Alternative Health Care	from 1992 to 2000 - not yet existing									Q	Q	Q	Q	Q	Q	U
Philippine National Railways	D	D	A	A	A	A	A	A	A	A	A	A	A	A	A	A
Philippine Ports Authority	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Philippine Postal Corporation	A	A	A	D	Q	Q	A	A	A	A	A	A	A	A	A	A
Philippine Rice Research Institute	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	A	A	A
Philippine Television Network, Inc.	No opinion	No opinion	No opinion	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q
Philippine Tourism Authority	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	D	Q	Q	Q	Q
Quedan and Rural Credit Guarantee Corporation	Q	U	U	U	U	Q	Q	Q	Q	Q	No opinion	Q	Q	A	A	A
Radio Philippines Network, Inc.	from 1992 to 1997 - audited by the National Government Sector, COA						A	from 1999 to 2005 - audited by private auditors							No opinion	Q
Sugar Regulatory Administration	Q	Q	Q	Q	Q	Q	Q	Q	A	A	A	Q	Q	Q	Q	Q

Legend:

Q - Qualified

U - Unqualified

A - Adverse

D - Disclaimer

* - file copy not available

^ - no separate audit opinion rendered since DFP's financial statements were consolidated with PTRa

(a) - Philippine Forest Corporation started commercial operations in CY 2006

Note: The result of audit for the Corporate Fund (Fund 501), General Fund (Fund 101/102), and Special Fund (Fund 158) were all lumped into one (1) Annual Audit Report (AAR) under the Corporate Fund from 1992 to 2001. However, in CY 2002, there was an instruction that a separate Annual Audit Report has to be prepared for every fund.

**ANNEX H: PROBLEM SOLVING SESSION_LIST OF ISSUES
AND DOCUMENTATION**



Ateneo School of Gov-

Problem Solving Session List of Issues and Documentation

Government Watch, Ateneo School of Government

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Problem Solving Session

List of Issues and Documentation

The problem solving session started on February 27 when the G-Watch team met up with Commissioner Rene Sarmiento, Mr. Tony Villasor and Dr. Antonio La Vina to present a draft presentation of the findings and recommendations of COMELEC BudgetWatch. Comm. Sarmiento noted that the report would “build the house of good governance in COMELEC,” and that he desires that it be presented to the en banc.

Afterwhich, the team scheduled a meeting with the en banc, which forwarded the request to the Finance Services Department, who was tasked to make a report to the en banc about the presentation. The team then scheduled a meeting with Mr. Eduardo Mejos, FSD director and Atty. Noel Gabriola, Director III of Bureau C, Department of Budget and Management, as well as representatives from Congress. With no response from Congress, the team proceeded with the meeting, with Atty. Gabriola and Atty. Martin Nieto, who represented Director Mejos.

The issues tabulated below were those raised and discussed during the problem solving session with COMELEC and DBM held 23 March at the Blue Room of Ateneo Professional Schools Building. A week later, COMELEC emailed the team an official response, located below. DBM was not able to send an official letter of response, but was able to answer to some of the issues in which it is concerned, during the problem solving session.

Issues	COMELEC's Response	DBM's Response
<p>The cleansing of voters' list is not based on the counting system to be used for the election. Whether voting be automated or manual, the voters' list should be free of flying voters, wrong information and deceased persons. In this regard, we saw that the original P2.6 Billion for the automation budget in the GAA, which was replaced by the P11.3 Billion supplemental budget, will now be used for the cleansing of the voters' list, according to Director Noel Gabriola of Bureau C, DBM.</p> <p>The former amount, as stated in RA 9369, should be used for the use of an automated election system by COMELEC. This should have been deducted from the P11.3 Billion budget now appropriated for the same purpose. However, it has been decided in Congress that the amount will be used for the cleansing of the voters' list, a rigorous and complex process. While it has noble intentions, this constitutes that the decision is illegal.</p> <p>However, we see the significance of the cleansing of the voters' list, and how this can positively effect the results of an automated election. Considering that this is a complex process which requires a significant amount of funds, has the COMELEC, DBM or Congress ever appropriated a budget for this particular program? If yes, in what year/s and what specific amount/s? If no, what are the reasons for this?</p>	<p>The P11.3 Billion did not replace the P2.6 Billion. The 11.3 Billion is a separate amount for the acquisition of Machines for the FY 2010 Automation of the National and Local Elections.</p> <p>It is Congress that provides and decides how the money will be used. Be that as it may, no law has been passed for the P2.6 Billion to be used for the Cleansing of Voters' List.</p> <p>No, COMELEC has never had an appropriated budget for the cleansing of the voters' list. COMELEC has proposed for the FY 2009 Cleansing of Voters Registration Records the amount of P1.6 Billion. However, only the amount of P366 Million was appropriated.</p>	

<p>Due to the failure of biddings in the procurement of the automated counting machines, the Joint Congressional Oversight Committee suggested last year that the Government Procurement Reform Act (RA 9184) be suspended for this particular procurement process. Some civil society organizations (CSOs) protested to this, saying that “in no case and under no circumstance should the procurement law be suspended because it will set a bad precedent.” What is the position of COMELEC on this proposal?</p>	<p>COMELEC conducted bidding for the last year’s ARMM Automated Elections in accordance with the provisions of the Government Procurement Reform Act (GPRA).</p>	
<p>The field offices interviewed for COMELEC BudgetWatch claimed that while they have the responsibility to conduct voters’ education and information drives, they are not given funds for these functions. Upon consultation with the central office, we learned that they are not mandated by law to exercise these functions, because there are departments in the central office that cater to them, i.e. Education and Information Department (EID), Election and Barangay Affairs Department (EBAD). Is there an operations manual that specifies the duties, responsibilities and appropriations of the COMELEC field offices? If none, have there been any forms of training or seminar for the officials of the field offices to fulfill their duties?</p>	<p>Yes, attached is a copy of the Statement of duties and responsibilities of field officers.</p> <p>(Team’s note: Upon observation of the statement of duties and responsibilities of field offices, it was noted that the field offices are indeed mandated to do the aforementioned functions, contrary to COMELEC’s earlier statement that they are not mandated to do such functions, which is why they are not given funds for these.)</p>	
<p>Is there a specific process, mandate or resolution from the en banc that officials at the field offices may create</p>	<p>No, they are not authorized.</p>	

<p>bank accounts in the name of COMELEC? If none, is this procedure allowed and/or commonly practiced at the field offices?</p>		
<p>What are the standards and specifications of the mobilization allowance? If there are none, have there been any efforts to specify the kinds of expenses considered for the liquidation of the mobilization allowance?</p>	<p>Mobilization Allowances are issued to field officers and employees during election period and are subject to liquidation. Amount varies according to the need, and as specified in an En Banc Resolution or Memorandum.</p>	
<p>Have there been instances that the amount stated in the GARO and SARO for COMELEC is less than the amount released by DBM? If yes, why is this so, and what are the implications of this?</p>	<p>COMELEC yearly proposes budget for the creation of new positions to the DBM. There were some that have been granted, others were disapproved and some remain to be acted upon by DBM.</p>	
<p>COMELEC claims to have requested for additional positions of staff members in the bureaucracy. Until now, there has been no response from DBM. What are the reasons for this delay?</p>	<p>COMELEC yearly proposes budget for the creation of new positions to the DBM. There were some that have been granted, others were disapproved and some remain to be acted upon by DBM.</p>	<p>DBM has been arranging this problem since some years ago, though they have not reached a conclusion yet.</p>
<p>What are the reasons for the non-inclusion of some regions in the GAA, specifically CARAGA and ARMM? How does COMELEC appropriate funds for these regions? Is it possible that Congress might have overlooked these regions, considering that both COMELEC and DBM submit lump sum amounts to Congress and not itemized as in the GAA?</p>	<p>This is no longer true. The CARAGA (Region XIII) and ARMM Regions are already included in the Appropriations.</p>	<p>At the technical review level, there were no line items for the regions. It only happens at the authorization level, when Congress adds line items for each region. DBM is not</p>

<p>What are the reasons for the non-inclusion of some regions in the GAA, specifically CARAGA and ARMM? How does COMELEC appropriate funds for these regions? Is it possible that Congress might have overlooked these regions, considering that both COMELEC and DBM submit lump sum amounts to Congress and not itemized as in the GAA?</p>	<p>This is no longer true. The CARAGA (Region XIII) and ARMM Regions are already included in the Appropriations.</p>	<p>At the technical review level, there were no line items for the regions. It only happens at the authorization level, when Congress adds line items for each region. DBM is not aware why these regions were left out.</p>
<p>The funding for the local elections should be shared by</p>	<p>No. Only COMELEC shoulders the</p>	

ANNEX I: A GUIDE IN MONITORING THE DEPARTMENT OF AGRARIAN REFORM'S LAND DISTRIBUTION AND SUPPORT SERVICES



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FROM THE AMERICAN PEOPLE

**A GUIDE IN MONITORING THE DEPARTMENT
OF AGRARIAN REFORM'S LAND DISTRIBUTION
AND SUPPORT SERVICES**

2009

This publication was produced for review by the United States Agency for International Development. It was prepared by Philippine Partnership for the Development of Human Resources in Rural Areas (PhilDHRRA), Management Systems International.

A GUIDE IN MONITORING THE DEPARTMENT OF AGRARIAN REFORM'S LAND DISTRIBUTION AND SUPPORT SERVICES



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Contracted under 6043-001-51-00-09
DAR Budget Monitoring Project

DISCLAIMER

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List of Acronyms

ARB	Agrarian Reform Beneficiary
ARC	Agrarian Reform Community
BARC	Barangay Agrarian Reform Committee
CLOA	Certificate of Land Ownership Award
CSO	Civil Society Organization
DAR	Department of Agrarian Reform
DARBM	Department of Agrarian Reform Budget Monitoring
LAD	Land Acquisition and Distribution
PARC	Presidential Agrarian Reform Council
PARO	Provincial Agrarian Reform Office
PhilDHRRA	Philippine Partnership for the Development of Human
Resources in Rural Areas	
PO	People's Organization
SFR	Small Farm Reservoir
SPSS	Statistical Package for the Social Sciences
SWIP	Small Water Impounding Project

I. Introduction

This Guide is one of the outputs of the Department of Agrarian Reform Budget Monitoring (DARBM) Project spearheaded by PhilDHRRA. The project seeks to establish a mechanism for civil society monitoring of the DAR's budget and its utilization. It focused on the accountability component of the budget process. As its final output, the project developed user friendly tools and easily replicable procedures for monitoring the actual execution of targets and projects as reflected in the national and provincial budgets of the DAR. By developing such tools and building the capacity of other agrarian reform civil society organizations (CSOs) to use such tools and procedures, CSOs can collectively develop a comprehensive alternative source of information for agrarian reform implementation in the country which in turn will assist CSOs and policy makers for the effective monitoring and analysis of the DAR budget.

The monitoring tools intend to monitor the land distribution and support services provision of DAR. In terms of land distribution, the monitoring tools will be able to validate the existence of reported agrarian reform beneficiaries (ARBs). There have been studies in the past that document the inconsistency, inaccuracy, and unreliability of the DAR's data. In fact, an audit of the Presidential Agrarian Reform Council (PARC) of the DAR's accomplishments revealed that a significant amount of reported Certificates of Land Ownership Award (CLOAs) has remained undistributed to ARBs.

For the support services, the following projects can be monitored by the tools: 1) farm to market road, 2) post harvest facility (e.g. warehouse, multi purpose pavement, thresher, mill), and 3) communal irrigation project. Similar to land distribution monitoring, the tools aim to validate the existence of the projects as reported accomplishments by the DAR. Cost effectivity is also measured, through data on project costs and comparison of these costs with similar projects. Data on quality of the project can also be generated by the tool.

A word of caution, the monitoring tools as utilized in this Guide can only provide a general description and indicators on how effective and efficient LAD was implemented or support services were provided. In addition, the tools are not intended to monitor the impact of the agrarian reform program. Using the monitoring tools is only an introductory step to involve stakeholders in checking how the agrarian reform program performed. Further validation, deeper inquiry, and perhaps a performance audit are needed to make conclusive statements.

The Guide is arranged in this general format: 1) process on how to select the respondents/projects, 2) copy of the monitoring tool/survey, 3) process on how to administer the monitoring/survey, and 4) how to do data processing and how to interpret the data. The intended users of this guide are CSOs and POs who are willing to undertake monitoring in their own provinces or municipalities.

II. Monitoring Land Distribution

A. Selecting the respondents

- Get the list of ARBs for the year being monitored from the Provincial Agrarian Reform Office (PARO). To get the list, a formal request letter should be drafted and given to the PARO, indicating the purpose of the request. The list from the PARO should have the following information: 1) Mode of land acquisition (ex. voluntary offer to sell, government owned lands), 2) Certificate of Land Ownership (CLOA) number, 3) Date generated, 4) Date registered, 5) Title number, 6) Survey number, 7) Lot number, 8) Land area, 9) Location (barangay, municipality), 10) Lot type, 11) Name of beneficiaries, and 12) Name of landowner.
- Depending on the resources available, it is suggested that all municipalities with ARBs be covered in the survey. Randomly choose at least 5 ARBs for each municipality from the list. To do random selection, the monitor may choose the respondents in sequence or with pattern (ex. every 8th name from the list).

B. Survey for Agrarian Reform Beneficiaries (ARBs)

Introduction:

PhilDHRRA is currently undertaking the DAR Budget Monitoring Project. The project seeks to establish a mechanism for civil society monitoring of the DAR's budget and its utilization at the provincial level. This survey will enable us to gather relevant data from agrarian reform beneficiaries that will be used to monitor budget utilization. We will greatly appreciate your participation in this study. Thank you!

I. RESPONDENT'S BASIC INFORMATION

Name of respondent:

Barangay:

Municipality:

Province:

Contact nos:

II. LAND DISTRIBUTION

1. Are you the awardee/beneficiary of this land?
 Yes (Answer the next questions) No (Proceed to #8)
2. What type of land title do you have?
 Individual CLOA Collective CLOA Emancipation Patent (EP)
3. When did you apply for your land title? (Month/Year)
4. When was the land title awarded to you? (Month/Year)
5. Was mapping or survey conducted prior to the awarding of this land?
 Yes No Don't know/Don't remember

6. Are you living in the land prior to the awarding of this land?
 Yes
 No Were you installed in the awarded land? → Yes No
7. Are you paying your amortization?
 Yes, I am regularly paying
 Yes, but not regularly
 No, I am not paying any amortization
8. How did you acquire this land?
 Given to me by my relative as bequest
 This land was sold to me by the true ARB who was awarded the land title
 This land was mortgaged to me by the true ARB who was awarded the land title
 Other reason:
9. Other comments/observations on the respondent or the land

Name of monitor:

Organization:

Date accomplished:

C. Administering the survey

- Materials needed for the survey: 1) survey form, 2) list of respondents to be surveyed, and 3) ballpen.
- List down the names and locations of the selected respondents. Proceed to the location of each respondent. The monitor may ask assistance from the Barangay Agrarian Reform Committee (BARC) to locate the exact address of the ARBs.
- Once the address had been located, politely look for the ARB. If the ARB is not there (ex. deceased, not in the location as of the moment, no longer living there), ask if you can interview the head of the family or anyone with the capacity to answer.
- If the ARB listed can not be located (i.e., if the person is unknown or is not found in the address stated in the list), write the name of the ARB in Section I (Name of respondent) and write in the space provided in #9 “the ARB can not be located”. Write down other comments or observations.
- Read first the introduction to the respondent before proceeding with the interview. Tell the respondent that the interview will last for only 10 to 15 minutes. Use ballpen in answering the form. Write the answers neatly and legibly. For questions with choice boxes, put a check mark in the chosen answer.
- For Section I, write completely the respondent's basic information.
- For Section II, #1 is asking if the respondent is the awardee/beneficiary of the land. Follow the instruction in the survey for the corresponding answer of the respondent.
- For #2 4, the monitor may request if he/she can see the copy of the respondent's CLOA to be able to validate his/her responses.
- For #9, write your other comments/observations on the respondent or the land. Comments may be on the behavior of the respondent (ex. nervous, hesitant), physical environment of the land, problems encountered during the survey, etc.

- After the survey, thank the respondent for his/her participation. At the end of the form, write the name of the monitor, organization, and the date of interview on the space provided.

D. Data processing and interpretation

- All questions in the survey should be answered. In case the respondent was not able to provide the needed information, cite “don't know” or “no answer” in the space provided. Data processing can be done when all the furnished forms had been consolidated.
- The following indicators can be generated from the tool:

Question # / Item	Indicator	Interpretation
#1	ARB validation	Validation if the ARB is still residing in the awarded land.
#2	Type of land title	Unless necessary (i.e., for corporate plantations or lands owned by a cooperative), each ARB should have his/her individual CLOA.
#3 and #4	Processing time of CLOA	The time difference (i.e., number of years or months) between application of CLOA to its distribution is an indicator on how efficient the processing of land title is. There are other factors that should be considered, such as the mode of acquisition, type of land title, and site where the land is located.
#5	Land mapping or survey	Land mapping or survey should be done prior to the awarding of the land. If mapping or survey has not been done, one procedure has not been done and there may be inaccuracy in reporting land size for distribution.
#6	Installation in the awarded land	The DAR allots budget for ARB installation. If an ARB that needs to be moved nearer to his/her farmland has not been installed, there are procedures which may not have been followed by the DAR.
#7	Amortization payment	Amortization payment should be done in a regular basis for the land titles to be fully owned by the ARB.
#8	Land acquisition by non ARB	If the respondent is not the ARB listed in the PARO, this question will be able to document agrarian reform covered lands that had been given to relatives as bequest, lands that are either sold or mortgaged.

- Tabulation can be done manually or by a statistical program, such as Microsoft Excel or SPSS. Generate a frequency matrix or table (i.e., a matrix or table that shows the distribution of responses of all the respondents) for each indicator mentioned above. From the tables, conclusions can already be made.

III. Monitoring Support Services

A. Selecting the project sites

· Get the list of funded projects for the year being monitored from the PARO. The list from the PARO should have the following information: 1) Type and name of sub project (ex. farm to market road, post harvest facilities), 2) Location (Municipality, Agrarian Reform Community or ARC), 3) Units or specifications of the project, 4) Project cost, and 5) Fund source.

· Depending on the resources available, it is suggested that all the projects be monitored. If this is not feasible, randomly choose 3 projects for each type of service.

B. Support service: Farm-to-Market Road

1. Farm-to-Market road monitoring tool

I. BASIC INFORMATION

Barangay: _____ Municipality: _____ Region: _____ Province: _____
 Name of road project: _____ Road length: _____
 Fund source: _____ Project cost: _____

II. PROJECT SPECIFICATIONS

1. Is the road project in the site?
 Yes; If yes, answer #2 5 No; If no, answer #6
2. What type of road is it?
 Portland cement concrete pavement Asphalt concrete pavement
 Gravel surface Earth surface
3. Is the road under construction or already in use/passable?
 Under construction In use/passable
4. What is the present condition of the road? (Check one)

<i>Type of road</i>	<i>Good condition</i>	<i>Fair condition</i>	<i>Bad condition</i>
Portland cement concrete / Asphalt concrete pavement	<input type="checkbox"/> Smooth surface, no cracks, less patched areas (good riding quality)	<input type="checkbox"/> Some surface irregularities (cracks, potholes and less patched areas)	<input type="checkbox"/> Severely cracked road surface, corrugation, potholes, and ruts
Gravel surface	<input type="checkbox"/> Well graded gravel, Well defined falls and adequate side drains	<input type="checkbox"/> Presence of loose gravel and minor depressions on the surface	<input type="checkbox"/> Aggregates accumulate along the roadside, major depressions on traveled way and presence of sizeable potholes
Earth surface	<input type="checkbox"/> Well compacted earth surface	<input type="checkbox"/> Loose earth sediments and depressions on traveled way	<input type="checkbox"/> Presence of heavy depressions along traveled way

5. Do you have any other observations with this road project? (After answering, proceed to the end of the form)

6. What is the current use of the site where the road project should be?

* Take a photograph of the road. If the road is not there, take a photograph of what is currently in place. Place the date when the picture was taken.

Name of monitor:

Organization:

Date accomplished:

2. Administering the monitoring tool

- Materials needed for the monitoring: 1) monitoring tool, 2) list of projects to be monitored, 3) ballpen, and 4) camera [digital camera or mobile phone with built in camera].
- Proceed to the location of the road project. For Section I, write down the basic information of the project. Write the answers completely and legibly. Information can be obtained from the list secured from the PARO. If a signage has been posted beside the project, information may also be gathered there.
- For Section II, #1 is asking if the project is in the site. Follow the instruction in the form for the corresponding answer.
- For #2, the four types of road pavement are: 1) cement concrete, 2) asphalt concrete, 3) gravel, and 4) earth. For #3, based on your observation, identify if the road is under construction or already in use. For #4, rate the present condition of the road. The three options are: 1) good condition, 2) fair condition, and 3) bad condition. Characteristics that fall under each condition are enumerated in the form. In addition, the pictures below may serve as your guide in rating the road's condition. The pictures below characterize good condition for each type of road. Put a check inside the box for your response.



Portland cement concrete pavement



Asphalt concrete pavement



Gravel pavement



Earth surface

- For #5, write your other observations with the road project. Observations may include other characteristics of the road, environment where it is located, presence or absence of signage, road users present at the site, etc.
- For #6, if the road project is not in the site, write what is currently in place or the current use of the site.
- Take a photograph of the road and inscribe the date at the back of the picture. If the road is not there, take a picture of what is currently in place. Attach the picture with the furnished monitoring tool.
- At the end of the form, write the name of the monitor, organization, and the date on the space provided.

3. Data processing and interpretation

- All questions in the monitoring should be answered. Data processing can be done when all the furnished forms had been consolidated.
- The following indicators can be generated from the tool:
- Tabulation can be done manually or by a statistical program, such as Microsoft Excel or SPSS. Generate a frequency matrix or table (i.e., a matrix or table that shows the distribution of responses of all the respondents) for each indicator mentioned above. From the tables, conclusions can already be made.

Question # / Item	Indicator	Interpretation
#1, #6	Road project validation	Validation if the road project is in site as stated in the documents from DAR. If the road project is not in the specified site, the picture of the current use of the site should supplement the monitor's findings.
#2, Road length and project cost (Basic information)	Cost per unit, by road type	By dividing the project cost with the length of the road, cost per unit is generated. The unit cost can be compared across similar road types (i.e., roads that were constructed more expensively relative with others). However, the monitor should be cautious in making hasty generalizations because there are other variables that affect project cost, such as the materials used, distance of the project from town proper or source of materials, and project area or size of the project. Only indicative and not conclusive statements can be made.
#3	Road utilization	This will indicate if the road is in use/passable or construction is still on going (i.e., the project is still not completed) or is already undergoing road rehabilitation. If the road is constructed just recently but already needs rehabilitation, further inquiry on road quality is needed.
#4	Current road condition	Three options for current condition can be chosen by the monitor: 1) good, 2) fair, or 3) bad. The identified condition of the road should be supplemented by the picture taken by the monitor. It is assumed that roads that have been recently constructed are still in good condition.

C. Support service: Post-harvest facility

1. Post-harvest facility monitoring tool

I. BASIC INFORMATION

Barangay: _____ Municipality: _____ Region: _____ Province: _____

Type of post harvest facility:

- Warehouse (Capacity: _____)
 Multi purpose pavement (Size: _____)
 Tractor (Type: _____)
 Corn/rice mill (Capacity: _____)

Fund source: _____

Project cost: _____

II. PROJECT SPECIFICATIONS

1. Is the facility present?

Yes; If yes, answer #2 4

No; If no, answer #5

2. Are there any observed defects?

Type of post harvest facility	Description of defects observed

Yes; If yes, fill in the table below No

3. Is the facility functional?

Yes No Why not?

4. Do you have any other observations with the facilities? (After answering, proceed to the end of the form)

5. What is the current use of the site where the facility should be?

* Take a photograph of the facility. If the facility is not there, take a photograph of what is currently in place. Place the date when the picture was taken.

Name of monitor:

Organization:

Date accomplished:

2. Administering the monitoring tool

- Materials needed for the monitoring: 1) monitoring tool, 2) list of projects to be monitored, 3) ballpen, and 4) camera [digital camera or mobile phone with built in camera].
- Proceed to the location of the project. For Section I, write down the basic information of the project. Write the answers completely and legibly. Identify what type of facility is being monitored (ex. warehouse, multi purpose pavement, tractor, mill). Write also the capacity or type for each facility. Information can be obtained from the list secured from the PARO. If a signage has been posted beside the project, information may also be gathered there.



Warehouse



Multi purpose pavement



Tractor



Mill



- For Section II, #1 is asking if the project is in the site. Follow the instruction in the form for the corresponding answer.
- For #2, identify if there are observed defects in the facilities. If there are, describe these defects for each type of facility (ex. rusty, malfunctioning machine parts, incorrect installation, size not large enough, cracks, holes, etc.).
- For #3, identify if the facility is functional. You may ask other persons within the area who have used or accessed the facility. If it is not functional, provide an explanation on the space provided.
- For #4, write your other observations with the facilities. Observations may include other characteristics of the facilities, environment where it is located, presence or absence of signage, users present at the site, etc.
- For #5, if the facility is not in the site, write what is currently in place or the current use of the site.
- Take a photograph of the facility and inscribe the date at the back of the picture. If the facility is not there, take a picture of what is currently in place. Attach the picture with the furnished monitoring tool.
- At the end of the form, write the name of the monitor, organization, and the date on the space provided.

3. Data processing and interpretation

- All questions in the monitoring should be answered. Data processing can be done when all the furnished forms had been consolidated.
- The following indicators can be generated from the tool:

Question # / Item	Indicator	Interpretation
#1, #5	Facility validation	Validation if the facility is in site as stated in the documents from DAR. If the facility is not in the specified site, the picture of the current use of the site should supplement the monitor's findings.
Type of facility, capacity, and project cost (Basic information)	Cost per unit, by facility type	By dividing the project cost with the capacity of the facility (for each facility type), cost per unit is generated. The unit cost can be compared across similar facility types (i.e., facilities that were bought or constructed more expensively relative with others). However, the monitor should be cautious in making hasty generalizations because there are other variables that affect project cost, such as the materials used, distance of the project from town proper or source of materials, and project area or size of the project. Only indicative and not conclusive statements can be made.
#2	Facility quality	For each type of facility, observed defects (if any) should be cited. The identified defects of the facility should be supplemented by the picture taken by the monitor. It is assumed that facilities that have been recently constructed or installed are still in good condition.
#3	Facility functionality	This will indicate if the facility is functional (i.e., installation or construction of the facility is completed or it is already being used) or is already undergoing rehabilitation. If the facility is constructed or installed just recently but already needs rehabilitation or maintenance, further inquiry on quality is needed.

- Tabulation can be done manually or by a statistical program, such as Microsoft Excel or SPSS. Generate a frequency matrix or table (i.e., a matrix or table that shows the distribution of responses of all the respondents) for each indicator mentioned above. From the tables, conclusions can already be made.

D. Support service: Communal irrigation project

1. Communal irrigation project monitoring tool

I. BASIC INFORMATION

Barangay: _____ Municipality: _____ Region: _____ Province: _____
 Name of irrigation project: _____ Size/length of irrigation: _____
 Name of Irrigators Association in charge: _____
 Fund source: _____ Project cost: _____

II. PROJECT SPECIFICATIONS

1. Is the communal irrigation project in the site?
 Yes; If yes, answer #2-5 No; If no, answer #6
2. What type of irrigation is it?
 Rainwater harvesting project (ex. small water impounding project or SWIP)
 Small farm reservoir (SFR)
 Diversion dam
 Shallow tube well
3. Is the irrigation under construction or already in use/functional?
 Under construction In use/functional
4. What is the present condition of the irrigation system? (Check one)

Type of irrigation	Good condition	Fair condition	Bad condition
Rain water harvesting project/ Small farm reservoir	<input type="checkbox"/> Water flows unobstructed to the whole farm land; Walls are high enough to impound water	<input type="checkbox"/> There is water flowing from the farmland but there are portions that are not reached; some debris (ex. weeds, stones) are present in the canals; presence of soil erosion in some parts	<input type="checkbox"/> Water is obstructed from flowing to the farmland due to the presence of debris; irregular/incomplete construction of slopes and canals; rampant soil erosion
Diversion dam	<input type="checkbox"/> The facility is functional and there is no obstruction in water flow	<input type="checkbox"/> Some water overflows in the dam; there are some observed cracks in the dam walls	<input type="checkbox"/> Water overflows and the dam is not functioning properly; a large portion of the dam walls are cracked; the construction is incomplete
	<input type="checkbox"/> Water is distributed efficiently to all parts of the farmland; there are no holes or clogs in the pipes/ tubes; the length of the tubes are sufficient	<input type="checkbox"/> Water is not distributed in all areas; some of the pipes are clogged; some pipes are not correctly installed or too short	<input type="checkbox"/> There is no water Coming out from the pipes/tubes; There are holes or clogs in majority of the pipes

5. Do you have any other observations with this irrigation project? (After answering, proceed to the end of the form)

6. What is the current use of the site where the irrigation should be?

* Take a photograph of the communal irrigation system. If the irrigation system is not there, take a photograph of what is currently in place. Place the date when the picture was taken.

Name of monitor:

Organization:

Date accomplished:

2. Administering the monitoring tool

- Materials needed for the monitoring: 1) monitoring tool, 2) list of projects to be monitored, 3) ballpen, and 4) camera [digital camera or mobile phone with built in camera].
- Proceed to the location of the irrigation project. For Section I, write down the basic information of the project. Write the answers completely and legibly. Identify the name of the Irrigators Association in charged in maintaining the project. Information can be obtained from the list secured from the PARO. If a signage has been posted beside the project, information may also be gathered there.
- For Section II, #1 is asking if the project is in the site. Follow the instruction in the form for the corresponding answer.
- For #2, the four types of irrigation are: 1) rainwater harvesting projects (ex. small water impounding project or SWIP), 2) small farm reservoir, 3) diversion dam, and 4) shallow tube well. For #3, based on your observation, identify if the irrigation system is under construction or already in use. For #4, rate the present condition of the irrigation. The three options are: 1) good condition, 2) fair condition, and 3) bad condition. Characteristics that fall under each condition are enumerated in the form. In addition, the pictures below may serve as your guide in rating the irrigation's condition. The pictures below characterize good condition for each type of irrigation. Put a check inside the box for your response.



Rainwater harvesting project
(ex. Small water impounding Project [SWIP])



Small farm reservoir (SFR)



Diversion dam



Shallow tube well

- For #5, write your other observations with the irrigation project. Observations may include other characteristics of the irrigation, environment where it is located, presence or absence of signage, users present at the site, etc.
- For #6, if the irrigation project is not in the site, write what is currently in place or the current use of the site.
- Take a photograph of the irrigation project and inscribe the date at the back of the picture. If the irrigation project is not there, take a picture of what is currently in place. Attach the picture with the furnished monitoring tool.
- At the end of the form, write the name of the monitor, organization, and the date on the space provided.

3. Data processing and interpretation

- All questions in the monitoring should be answered. Data processing can be done when all the furnished forms had been consolidated.
- The following indicators can be generated from the tool:

Question # / Item	Indicator	Interpretation
#1, #6	Project validation	Validation if the communal irrigation project is in site as stated in the documents from DAR. If the project is not in the specified site, the picture of the current use of the site should supplement the monitor's findings.
#2, Size/length of irrigation and project cost (Basic information)	Cost per unit, by irrigation type	By dividing the project cost with the size/length of the irrigation project (for each irrigation project type), cost per unit is generated. The unit cost can be compared across similar irrigation types (i.e., irrigation projects that were constructed more expensively relative with others). However, the monitor should be cautious in making hasty generalizations because there are other variables that affect project cost, such as the materials used, distance of the project from town proper or source of materials, and project area or size of the project. Only indicative and not conclusive statements can be made.
#3	Irrigation project utilization	This will indicate if the irrigation is in use/functional or construction is still on going (i.e., the project is still not completed) or is already undergoing rehabilitation. If the irrigation is constructed just recently but already needs rehabilitation, further inquiry on project quality is needed.
#4	Current irrigation project condition	Three options for current condition can be chosen by the monitor: 1) good, 2) fair, or 3) bad. The identified condition of the irrigation project should be supplemented by the picture taken by the monitor. It is assumed that irrigation projects that have been recently constructed are still in good condition.

- Tabulation can be done manually or by a statistical program, such as Microsoft Excel or SPSS. Generate a frequency matrix or table (i.e., a matrix or table that shows the distribution of responses of all the respondents) for each indicator mentioned above. From the tables, conclusions can already be made.

ANNEX J: DEPARTMENT OF AGRARIAN REFORM'S BUDGET IN FOCUS: DISCUSSIONS PAPERS AND CASE STUDY



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FROM THE AMERICAN PEOPLE

**Department of Agrarian Reform's Budget in Focus:
Discussions Papers and Case Study**

2009

This publication was produced for review by the United States Agency for International Development. It was prepared by Philippine Partnership for the Development of Human Resources in Rural Areas (PhilDHRRRA), Management Systems International.

Department of Agrarian Reform's Budget in Focus: Discussions Papers and Case Study



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Contracted under 6043-001-51-00-09
DAR Budget Monitoring Project

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DISCUSSION PAPER NO. 1

A Look at the 2007 DAR Budget

By Jennifer S. Javier

PhilDHRA, Research Coordinator

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List of Acronyms

ABM	Agency Budget Matrix
APT	Assets Privatization Trust
AR	Agrarian Reform
ARB	Agrarian Reform Beneficiary
ARC	Agrarian Reform Community
ARF	Agrarian Reform Fund
AUI	Allotment Utilization Index
BALA	Bureau of Agrarian Legal Assistance
BARBD	Bureau of Agrarian Reform Beneficiaries Development
BARIE	Bureau of Agrarian Reform Information and Education
BLAD	Bureau of Land Acquisition and Distribution
BLD	Bureau of Land Development
CAR	Cordillera Administrative Region
CARL	Comprehensive Agrarian Reform Law
CARP	Comprehensive Agrarian Reform Program
CBFM	Community Based Forest Management
CIA	Comprehensive Agrarian Reform Program Implementing Agency
CIP	Construction in Progress
CIPB	Comprehensive Agrarian Reform Program Implementing Program and Budget
CLOA	Certificate of Land Ownership Award
CLUPPI	Center for Land Use Policy, Planning, and Implementation
CO	Capital Outlay
COA	Commission on Audit
CP	Communal Irrigation Project
DA	Department of Agriculture
DAR	Department of Agrarian Reform
DARMO	Department of Agrarian Reform Municipal Office
DARPO	Department of Agrarian Reform Provincial Office
DARRO	Department of Agrarian Reform Regional Office
DBM	Department of Budget and Management
DENR	Department of Environment and Natural Resources
DNYP	Distributed but not yet paid
DOJ	Department of Justice
DOLE	Department of Labor and Employment
DPWH	Department of Public Works and Highways
DTI	Department of Trade and Industry
EP	Emancipation Patent
Execom	Executive Committee
FAP	Foreign Assisted Project
FIMAS	Finance, Management, and Administrative Service
FMR	Farm to Market Road
GAA	General Appropriations Act
GAD	Gender and Development
GIS	Geographic Information System
GOCC	Government Owned and Controlled Corporation
GWSPA	Government wide Sector Performance Audit
IA	Irrigator's Association
ICSU	Intelligence and Civil Security Unit
KALAHI ARZone	Kapit bisig Laban sa Kahirapan Agrarian Reform Zone
LAD	Land Acquisition and Distribution

LAO	Legal Affairs Office
LBP	Land Bank of the Philippines
LGU	Local Government Unit
LIS	Land Information System
LMS	Land Management Service
LRA	Land Registration Authority
LTI	Land Tenure Improvement
MARO	Municipal Agrarian Reform Office
MFO	Major Final Output
MIS	Management Information Service
MOOE	Maintenance and Other Operating Expenses
MTPDP	Medium Term Philippine Development Plan
NEDA	National Economic Development Authority
NGA	National Government Agency
NGO	Non Government Organization
NIA	National Irrigation Authority
OPIF	Organizational Performance Indicators Framework
OS	Operational Support
PAPs	Programs, Activities, and Projects
PARC	Presidential Agrarian Reform Council
PBD	Program Beneficiaries Development
PCA	Philippine Coconut Authority
PCGG	Presidential Commission on Good Government
PDMS	Project Development and Management Service
PEM	Public Expenditure Management
PhilDHRRA	Philippine Partnership for the Development of Human Resources in Rural Areas
PMO	Project Management Office
PO	People's Organization
PPE	Property, Plant, and Equipment
PS	Personal Services
PSRS	Policy and Strategic Research Service
RA	Republic Act
RSS	Requisition for Survey Service
SARED	Sustainable Agribusiness and Rural Enterprise Development
SILCAB	Social Infrastructure and Local Capacity Building
WFP	Work and Financial Plans

I. Background

The Department of Agrarian Reform (DAR) was created by virtue of Republic Act (RA) No. 6389, with the authority and responsibility to implement the policies of the State on agrarian reform. In addition, RA 6657 or the Comprehensive Agrarian Reform Law (CARL) of 1988 mandated DAR, in coordination with the Presidential Agrarian Reform Council (PARC) to plan and program the acquisition and distribution of all agricultural lands. It vested DAR with the quasi judicial powers to determine and adjudicate agrarian reform matters.

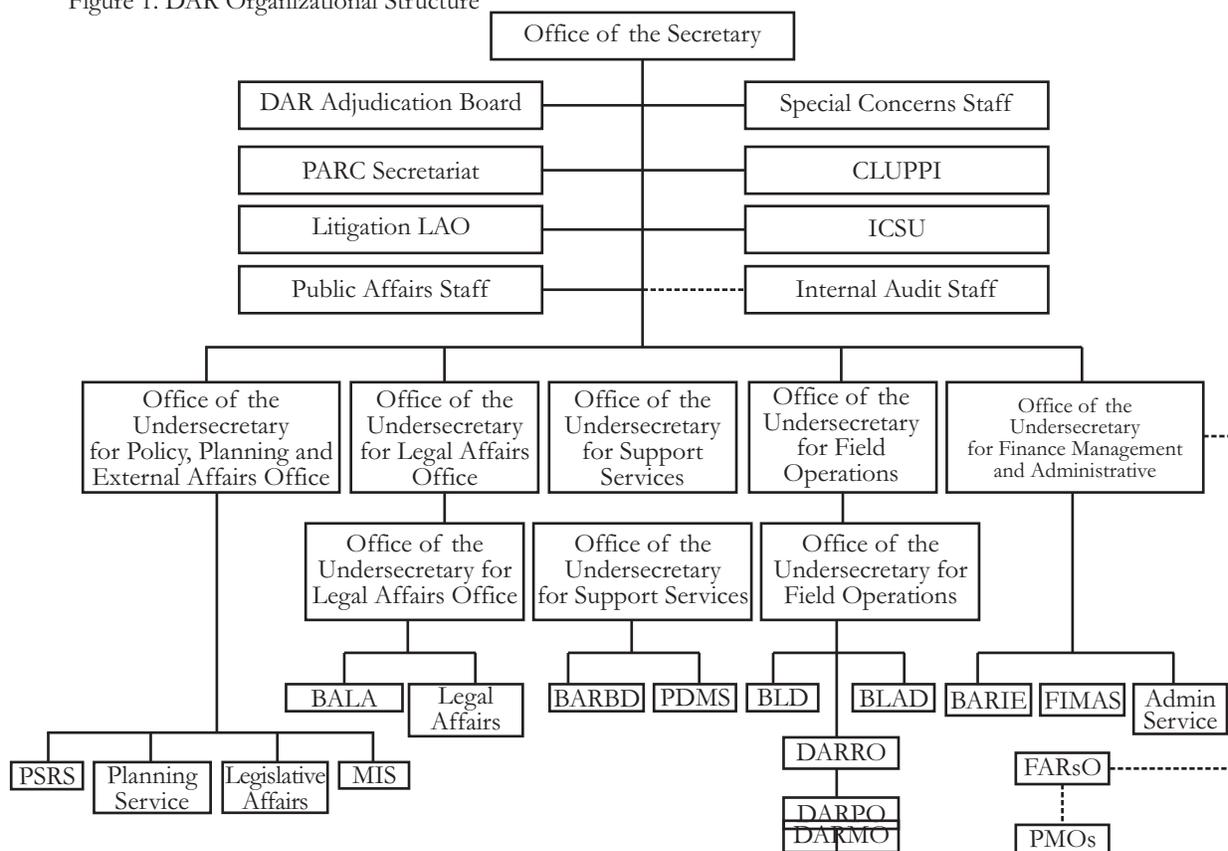
The Department is mandated by law to: a) complete land acquisition and distribution (LAD) within the timeframe of the Comprehensive Agrarian Reform Program (CARP), b) develop social capital resources of the farming communities toward attaining food security, self sufficiency in the basic needs, and competence in area based management, c) build sustainable, area based rural enterprise toward establishing dynamic agrarian reform communities (ARCs), and d) fast track the delivery of agrarian reform justice.

In terms of organizational structure (Figure 1), the DAR is composed of the department proper, the staff offices, the staff bureaus, and the regional/provincial/municipal agrarian reform offices. The Cabinet Secretary is the head of DAR. The Office of the Secretary consists of its immediate staff, the Public Affairs Staff, the Special Concerns Staff, Presidential Agrarian Reform Council Secretariat, Adjudication Board, Litigation, and the Center for Land Use Policy, Planning and Implementation. In addition, the Secretary is assisted by its Undersecretaries for Policy, Planning and External Affairs; Legal Affairs; Field Operations; Support Services; and Finance, Management, and Administrative.

The DAR is operating with 5 bureaus and 7 services. These are the Bureau of Land Acquisition and Distribution (BLAD), Bureau of Land Development (BLD), Bureau of Agrarian Legal Assistance (BALA), Bureau of Agrarian Reform Information and Education (BARIE), and Bureau of Agrarian Reform Beneficiaries Development (BARBD). While the services include the Planning Service, Finance and Management Service, Administrative Service, Legal Service, Management Information Service, Project Development and Management Service, and the Policy and Strategic Research Service.

Moreover, the DAR has Regional Offices and 1 field office in each key city and municipality. Each Regional Office is headed by a Regional Director. On the other hand, the DAR Provincial Agrarian Reform Offices is headed by a Provincial Agrarian Reform Officer while, Municipal Agrarian Reform Offices are headed by Municipal Agrarian Reform Officers.

Figure 1. DAR Organizational Structure



II. DAR Budget

A. Budget Source

The Department has two major sources of funds to implement its activities for agrarian reform. The first comes from its own General Appropriations Act (GAA) authorized budget, consisting of Fund 101 or the general fund and Fund 102 for foreign assisted projects. The second comes from the Agrarian Reform Fund (ARF), or Fund 158, as administered by the PARC. The ARF is drawn from the following sources:

- proceeds of the sales of the Assets Privatization Trust (APT);
- all receipts from assets recovered and from sale of ill gotten wealth recovered through the Presidential Commission on Good Governance (PCGG);
- proceeds of the disposition of government property abroad; and
- portion of amounts accruing to the Philippines from all sources of official foreign aid grants and concessional financing from all countries for specific purposes of financing production credits, infrastructures, and other support services required by the CARL.

While the ARF covers those of other CARP implementing agencies (CIAs), more than 60% of the total CARP budget is allocated to DAR.

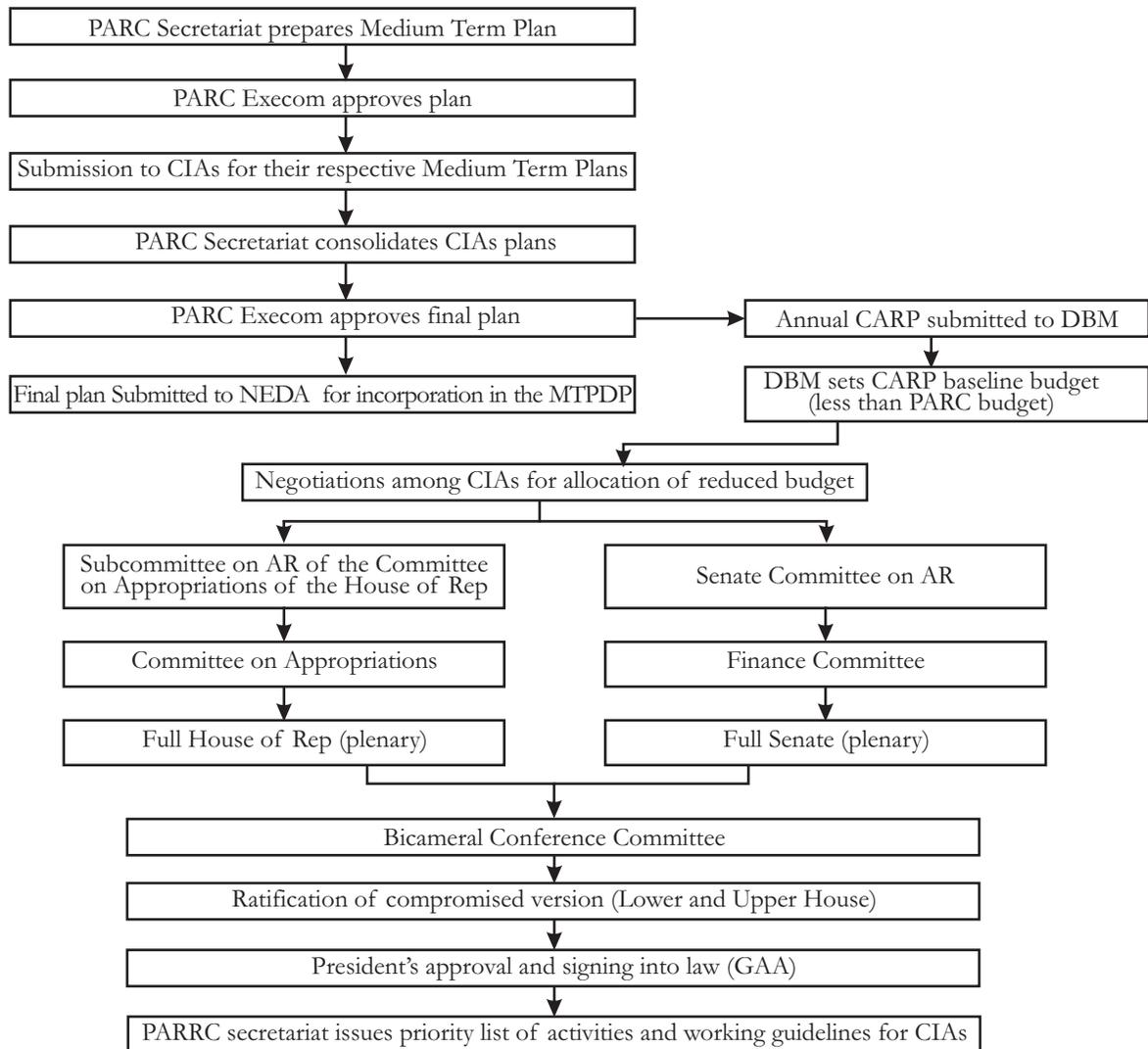
¹Other CARP implementing agencies: Department of Environment and Natural Resources (DENR), National Irrigation Authority (NIA), Department of Justice-Land Registration Authority (DOJ-LRA), Department of Labor and Employment (DOLE), Department of Public Works and Highways (DPWH), Department of Trade and Industry (DTI), and the Landbank of the Philippines (LBP) for the landowners' compensation.

B. Budget Preparation, Approval, and Release

The CARP Implementing Program and Budget (CIPB) was formulated by the PARC and tasked to provide detailed estimates of the program cost requirement for the implementation of the CARP. Differences in the budget process, particularly budget preparation and approval, are evident in the period prior to 1998 (when funds were sourced purely from Fund 158) and the period after 1997 (when financing of CARP implementation come mainly from the GAA). Prior to 1998, crucial decisions in budget preparation were decided at the PARC level. However, in view of RA 8532, which amended the funding source for CARP to include national government appropriation, the budget approval for the ARF now goes through the congressional budget process. A flowchart of the current budget preparation for all CIAs, that includes the DAR, is shown in the figure below.

In terms of fund release, the DBM directly releases the allotment to the CIAs upon review and endorsement by the PARC. The PARC's endorsement of the agencies' ARF budget to the DBM is based on its review of their Work and Financial Plans (WFPs). The CIAs are also required to submit the Cash Program as well as the Agency Budget Matrix (ABM).

Figure 2. Flowchart of budget preparation for CIAs



C. Fund Utilization

As mentioned in the above section, there are various CIAs that are being funded by the ARF. Below are the program activities and the corresponding agencies that implement them. As already cited, DAR plays a major role in LAD, while the other agencies provide services for beneficiaries' development, such as capacity building activities and infrastructure.

Table 1. CARP program activities

ACTIVITIES	DAR	LBP	DENR	LRA	NIA	DPWH	DTI	DOLE
Land acquisition and distribution (LAD)								
Land Survey								
Inspection, verification, & approval of surveys								
EP/CLOA generation & distribution								
Patents processing & issuance								
EP/CLOA registration/titling								
Landowners' compensation								
Other activities to support LAD:								
Agrarian legal assistance								
Adjudication services								
Special projects on legal assistance								
Inventory of CARP scope & LIS/ GIS/land use/LTI mapping								
Leasehold documentation								
Agrarian land development, acquisition, & distribution								
Other LAD Activities								
Program beneficiaries development (PBD)								
Extension								
KALAHI ARZone development								
Organization of plantation workers								
Organizing & strengthening of Irrigators' Association								
Skills/entrepreneurial training								
Technical/marketing assistance								
Cooperative development & strengthening/ self reliant program								
Irrigation projects								
Farm to market roads/bridges								
Locally funded projects								
Upland development program								
Foreign assisted local counterpart								
Foreign assisted projects (FAPs)								

Source: ARF - Activities Funded (January to December 2007), PARC

The proposed budget for the CARP in 2007 amounts to some PhP15.14 billion. This amount is composed of the following:

Table 2. Proposed CARP budget, 2007

Amount (in PhP billion)	Percent	Fund Source
9.646		ARF (Fund 158)
3.729		FAPs (Fund 102)
1.762		DAR appropriations (Fund 101)

Of this amount, the breakdown of the budget by CIA is shown in the table below. It can be observed that more than half of the total CARP budget is lodged at the DAR.

Table 3. Breakdown of CARP budget by CIA

CIA	Amount (in PhP million)	% share
DAR	9,767.144	64.52%
DENR	600.790	3.97%
LBP	4,264.563	28.17%
DOJ LRA	105.629	0.70%
DA NIA	230.089	1.52%
DPWH	100.000	0.66%
DTI	68.991	0.46%

Note: DOLE budgetary requirements for CARP form part of the DAR allocation

III. Review of Literature

There have been a number of studies that looked into the budget of the DAR. Some delved into the allocative efficiency of funds and some studies on regional allocation.

The first impact assessment studies for the CARP was done in 2003 and one of the components evaluated was the fiscal aspect of the program. It was observed that during the early part of the program, actual resource utilization was heavily skewed in favor of general administration and PBD at the expense of LAD. Some underspending for LAD was also apparent during the period studied. In contrast, spending for PBD and operational support was well above the programmed levels. In addition, total actual obligations made under the ARF in 1987 to 1999 represents 27% of the envisioned overall level of spending in the CIPB. Two interpretations were presented: on the one hand, it may be an indication of operational efficiency; on the other hand, it might actually indicate that some programs like agricultural extension and infrastructure were underfunded. Overall, during the period covered, fund utilization by agencies relative to the PARC approved budget had been low as a result of the comparably low fund release to the agencies on the average.

In a technical paper published by the World Bank, it concluded that the delays in completion of the CARP divert large budget expenditure from other uses and are likely to hamper agricultural pro poor growth. It analyzed the public spending across the Department's three major final outputs (MFOs) during 1998 2005. With the land tenure and security services having the largest share of the budget (71%), the support service delivery accounted for only 18%. Local support for delivery of public services has gradually been taken over by foreign assisted projects. Finally, agrarian justice services accounted for only a marginal fraction at 0.4%. The study also documented the failure of the LBP to collect full amortizations, at only 18.5% collection rate. The main reasons for this low rate are an absence of the individualized land plots in many collectively managed land area and the weak financial situation of the new landowners.

In terms of regional allocation of the DAR budget, there had been variabilities in a span of 10 years (1990 1999). Total agency budget almost halved in real terms from PhP1,072 million in 1990 to PhP642 million in 1999. On the other hand, regional budget almost doubled from PhP336 million in 1990 to PhP623 million in 1999 budget. Regions III, IV, and VI consistently have been allocated the largest share. Jointly, they comprise more than a third of the total regional allocation every year.

IV. Analysis

The 2007 budget of the DAR will be the focal budget to be analyzed in this paper. Various analyses will be done, including a review of the Commission on Audit's (COA) reports and the Department's Organizational Performance Indicators Framework (OPIF).

A. Allotment Utilization Index (AUI)

This paper will utilize one of the indicators adopted by the 2003 CARP impact assessment study pertaining to the adequacy and/or absorptive capacity of national government expenditures. To fully understand the indices, three terms commonly used in budget discussions should be defined. These are:

- Appropriation refers to the spending authorization made by law, most often by the GAA.
- Allotment refers to the authorization to incur obligations or enter into contracts, which is issued by the DBM to government agencies. The DBM ensures that allotments are covered by appropriations both as to amount and purpose.
- Obligation refers to the actual expenditures of government agencies from the perspective of said agencies actually having contracted for the delivery of goods and services.

The 2003 study developed 4 indices to measure an agency's absorptive capacity, but due to data limitations, only one indicator will be employed. The indicator that will be used in this study is the Allotment Utilization Index (AUI). The AUI is computed as Obligation of the agency divided by the Allotment to that agency made by the DBM for the same year. The AUI measures the extent to which the agency has utilized the allotments that are actually made available by DBM. In this sense, the advice of allotment from DBM maybe viewed as further delimiting what can actually be spent of the statutory authorization. Note that the AUI is primarily affected by the agency's implementation capabilities. It may also be an indicator if an agency or department is overspending or underspending.

Data gathered from the PARC are the obligations and allotments charged to the ARF (Fund 158). Data for Fund 101 is from the GAA, downloaded at the DBM website. If we were to look at the allotment for all CIAs, there is no distinct pattern. There is no data given for Fund 101 from 2000 to 2003 (from the document given by the PARC), but the average allotment is at PhP1.6 billion. Worth noting is the decrease in the allotment in 2003, at PhP7.4 billion, and the sudden increase in 2004, at PhP17.6 billion. It is also observed that the years 2004 and 2007 show significant increases in allotment, which happened to be election years.

Table 4. CARP Allotment, 2000-2007 (in PhP million)

	2000	2001	2002	2003	2004	2005	2006	2007
Fund 158	7,107.91	7,207.94	6,199.94	4,005.11	12,567.60	8,469.10	6,459.10	11,823.42
LAD	3,359.99	3,200.15	3,303.86	1,084.32	7,324.30	4,828.28	2,668.07	6,288.88
PBD	374.48	725.86	392.20	424.19	2,246.11	495.27	788.61	1,860.98
AJD	50.02	40.59	28.84	30.85	107.36	81.36	86.00	108.29
OS (LAD & PBD)	3,323.42	3,241.34	2,475.04	2,465.75	2,889.84	3,091.89	2,916.42	3,565.27
Fund 101					1,540.60	1,520.92	1,549.21	1,938.98
Fund 102	770.50	1,724.20	2,850.39	3,398.60	3,565.14	3,077.87	2,693.40	2,665.26
Total	7,878.41	8,932.14	9,050.33	7,403.70	17,673.34	13,095.59	10,701.71	16,427.66
% increase (decrease)		13%	1%	-18%	139%	26%	18%	54%

— data not provided

Disaggregating the share of the program components, LAD comprises half of the allotted budget from the ARF, except in 2003, when only about one fourth of the budget was devoted to LAD while more than 60% was allotted to operational support to LAD and PBD. AJD, which is also an important component of the program, has been given meager allotment at only 1% of total fund. From 2004 to 2005, allotment for PBD decreased by 12 percentage points. In 2007, funds from FAPs decreased by 9 percentage points. As earlier mentioned, the ARF is the major source of funding of the CARP, comprising more than half of total CARP funding.

²The explanation of the index is culled from the 2003 CARP impact assessment study (Volume 6), which in turn adopted the indices developed in Manasan and Mercado (2001).

³The three program components of CARP are land acquisition and distribution (LAD), agrarian justice delivery (AJD), and program beneficiaries development (PBD). Operational support is also extended to LAD and PBD. —

Table 5. Share of components in CARP Allotment, 2000-2007 (in PhP million)

	2000	2001	2002	2003	2004	2005	2006	2007
Fund 158	90%	81%	69%	54%	71%	65%	60%	72%
LAD 47%		44%	53%	27%	58%	57%	41%	53%
PBD	5%	10%	6%	11%	18%	6%	12%	16%
AJD	1%	1%	>1%	1%	1%	1%	1%	1%
OS (LAD & PBD)	47%	45%	40%	62%	23%	36%	45%	30%
Fund 101					9%	12%	14%	12%
Fund 102	10%	19%	31%	46%	20%	24%	25%	16%

– data not provided

Similar to the observed pattern in allotment, there is an increase in obligation in 2004, as well as a significant increase in 2007. There is an observable increase in spending for PBD from 2006 to 2007, increasing by 17 percentage points. AJD spending increased modestly in 2006, from 1% to 7% of total funding, but went back to its usual level in 2007.

Table 6. CARP Obligation, 2000-2007 (in PhP million)

	2000	2001	2002	2003	2004	2005	2006	2007
Fund 158	7,954.89	7,637.16	6,895.40	7,519.96	8,822.96	8,253.13	8,710.20	11,020.06
LAD	3,685.21	3,844.42	3,961.62	4,043.16	4,341.91	4,961.04	4,603.04	5,298.80
PBD	737.01	525.33	401.63	865.11	1,012.45	276.23	421.27	2,390.33
AJD	49.29	40.51	28.23	31.14	51.66	68.18	583.87	102.74
OS (LAD & PBD)	3,483.38	3,226.91	2,503.93	2,580.56	3,416.95	2,947.69	3,102.03	3,228.19
Fund 101	--	--	--	--	1,729.60	1,669.73	1,675.29	1,922.38
Fund 102	881.20	1,287.96	2,200.11	3,457.27	2,713.25	2,214.14	2,274.76	1,146.60
<i>TOTAL</i>	<i>8,836.10</i>	<i>8,925.13</i>	<i>9,095.51</i>	<i>10,977.24</i>	<i>13,265.81</i>	<i>12,137.01</i>	<i>12,660.25</i>	<i>14,089.04</i>
<i>% increase (decrease)</i>		1%	2%	21%	21%	9%	4%	11%

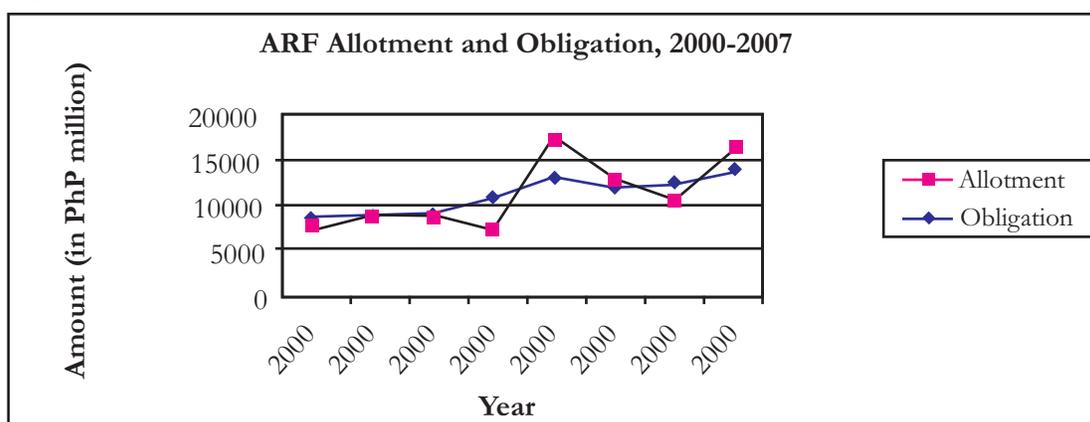
– data not provided

Table 7. Share of components in CARP Obligation, 2000-2007 (in PhP million)

	2000	2001	2002	2003	2004	2005	2006	2007
Fund 158	90%	86%	76%	69%	67%	68%	69%	78%
LAD	46%	50%	57%	54%	49%	60%	53%	48%
PBD	9%	7%	6%	12%	11%	3%	5%	22%
AJD	1%	1%	>1%	>1%	1%	1%	7%	1%
OS (LAD & PBD)	44%	42%	36%	34%	39%	36%	36%	29%
Fund 101					13%	14%	13%	14%
Fund 102	10%	14%	24%	31%	20%	18%	18%	8%

– data not provided

Figure 3. ARF Allotment and Obligation, 2000-2007



Comparing allotment and obligation, obligation significantly exceeded allotment in 2003. In contrast, allotment greatly exceeded obligation the following year, 2004. Overreleases are observed in 2004 and 2007, which coincidentally are election years.

An AUI greater than 1 means that the agency spends more than what is authorized by the DBM. As the AUI increases, the greater is the gap of spending to the allotment. Conversely, as the AUI decreases, spending falls below the allotted level. An AUI equal to 1 means that the allotted amount is equivalent to the expenditure of the agency. As earlier shown, the years 2003 and 2004 are the extreme values for the AUIs.

Table 8. Allotment Utilization Index (AUI), 2000-2007

Year	Allotment (in PhP M)	Obligation (in PhP M)	AUI
2000	7,878.41	8,836.1	1.12
2001	8,932.14	8,925.13	1.00
2002	9,050.33	9,095.51	1.00
2003	7,403.7	10,977.24	1.48
2004	17,673.34	13,265.81	0.75
2005	13,095.59	12,137.01	0.93
2006	10,701.71	12,660.25	1.18
2007	16,427.66	14,089.04	0.86

Extracting the funds allotted and obligated to the DAR in 2007 will yield the table below. Operational support for LAD comprises almost half of the department's expenditure. Looking at the AUI per activity, capital outlays has the highest AUI, with only PhP784,000 allotted but expenditure reaching to PhP22 million. In addition, expenditure for the KALAH I ARZone development was 50% more than the allotted amount. On the other hand, expenditure in FAPs was less than the allotted amount by almost two fold. Over all, the allotment in 2007 is more than what the agency spent.

Table 9. Allotment Utilization Index (AUI) for DAR, 2007

Activities	Obligation (in PhP M)	% share	Allotment (in PhP M)	% share	AUI
ARF Regular					
Land acquisition and distribution (LAD)	1,032.06	17%	739.127	12%	1.40
Land survey	360.146	6%	292.240	5%	1.23
EP/CLOA generation & distribution	513.602	8%	267.930	4%	1.92
Other activities to support LAD:	158.315	3%	178.957	3%	0.88
Agrarian legal assistance	72.091	1%			
Adjudication services	30.652	>1%			
Special projects on legal assistance	0.633	>1%			
Inventory of CARP scope & LIS/GIS/land use/LTI mapping	10.714	>1%	5.000	>1%	2.14
Leasehold documentation	20.996	>1%	16.4000	>1%	1.28
Agrarian land development, acquisition, & distribution	4.484	>1%			
Other LAD activities	18.745	>1%	157.557	3%	0.12
Operational Support	2,925.087	47%	3,439.92	58%	0.85
Personal services	2,033.644	33%	2,190.27	37%	0.93
MOOE	869.142	14%	1,248.869	21%	0.70
Capital outlays	22.301	>1%	0.784	>1%	28.45
Subtotal	3,957.150	64%	4,179.05	70%	0.95
ARF-AFMA					
Program beneficiaries development (PBD)	2,232.994	36%	1,797.01	30%	1.24
Extension	581.926	9%	417.111	7%	1.40
KALAH I ARZone development	564.695	9%	200.000	3%	2.82
Skills/entrepreneurial training	17.231	>1%	217.111	4%	0.08
Locally funded projects	757.214	12%	229.900	4%	3.29
Foreign assisted local counterpart	893.854	14%	1,150.000	19%	0.78
Total - Fund 158 (ARF)	6,190.144	100%	5,976.06	100%	1.04
Fund 101 (GAA)	1,922.378		1,938.981		0.99
Fund 102 (FAPs)	1,146.601		2,665.258		0.43
Grand total	9,259.125		10,580.30		0.88

- data not provided

B. Regional Appropriation

Another analysis that can be made is by looking at the regional allocation of the DAR budget. Data in the table below is from the 2007 GAA or Fund 101 only and does not include other fund sources. Total allocation to the regional offices comprises 90% of the total DAR allocation. The remaining 10% is lodged at the Central Office. Allocation in Region 3 has the highest appropriation, at 15% of total regional allocations. Meanwhile, Region 13 has the least appropriation. Various factors may influence regional appropriation, such as LAD scope and current LAD balance, and the number of ARBs in the region. Region 12 has the highest LAD scope while CAR has the least, at only 2% of total scope. In terms of LAD balance, Region 6 has the highest remaining land area for distribution, while Region 1 has the least LAD balance, at only 1% of total balance. Regions 3 and 6 have the highest number of ARBs. Only 3% of the total number of ARBs is found in CAR, since most of the areas in this region are upland where indigenous peoples dwell.

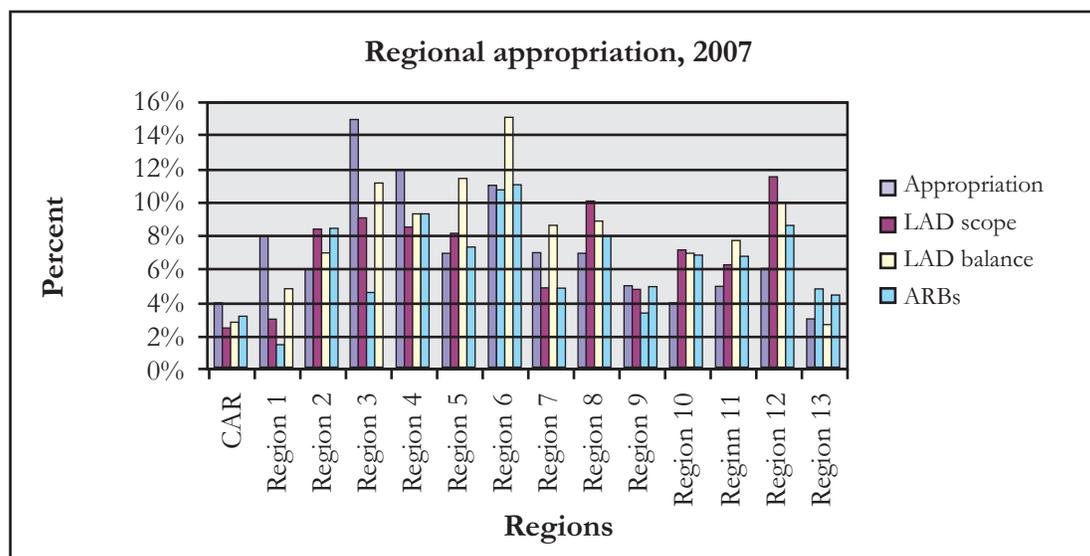
Table 10. Regional appropriation, LAD scope accomplishments, 2007

Region	Appropriation (in PhP)	%	LAD scope (in has.)	%	LAD balance* (in has.)	%	No. of ARBs*	%
CAR	62,828,000	4%	120,445	2%	30,328	3%	72,861	3%
Region 1	14,617,000	8%	148,118	3%	15,552	1%	109,969	5%
Region 2	88,172,000	6%	408,563	8%	75,496	7%	190,804	8%
Region 3	15,211,000	15%	443,720	9%	51,218	5%	251,745	11%
Region 4	79,146,000	12%	413,198	9%	102,173	9%	212,490	9%
Region 5	98,721,000	7%	397,336	8%	125,023	11%	167,642	7%
Region 6	61,118,000	11%	521,846	11%	164,644	15%	251,154	11%
Region 7	104,560,000	7%	236,701	5%	94,174	9%	110,924	5%
Region 8	104,461,000	7%	488,710	10%	97,749	9%	180,447	8%
Region 9	74,002,000	5%	233,717	5%	36,866	3%	112,555	5%
Region 10	57,581,000	4%	349,351	7%	75,696	7%	156,097	7%
Region 11	74,191,000	5%	300,595	6%	84,309	8%	153,283	7%
Region 12	83,508,000	6%	561,269	12%	107,253	10%	195,765	9%
Region 13	47,123,000	3%	235,259	5%	29,688	3%	100,574	4%
	1,465,239,000	100%	4,858,828	100%	1,090,169	100%	2,266,310	100%

* cumulative, as of December 2007

Comparing each region's appropriation to its LAD scope, current LAD balance, and number of ARBs yield interesting results. It is observed that Region 3 was given the highest appropriation, since the most number of ARBs live in this region. Regions 4 and 6 also received a generous share of appropriation, since LAD scopes, balances, and number of ARBs in these regions are relatively high. On the other hand, Region 1 received greater appropriation compared with Region 12, even if LAD scope, balance, and the number of ARBs are less than the former compared with the latter.

Figure 4. Regional Appropriation, 2007



Ideally, a similar analysis should be done for the ARF. However, the research team was not able to gather regional data from DAR or PARC.

C. LAD Budget vs. Accomplishment

As LAD is the heart of agrarian reform, it is worth noting to compare the budget allocated with the target and accomplishments for this component. Data for allotment and obligation in the table below is from the ARF and includes all LAD activities implemented by the DAR, DENR, LRA, and LBP, as well as operational support.

Table 11. LAD budget and accomplishments, 2000-2007

Year	Allotment (in PhPM)	Obligation (in PhPM)	Target (in has.)	Accomplishment (in has.)	Number of ARBs
2000	6,545.701	7,033.979	158,406	110,478	77,275
2001	6,319.877	6,954.502	101,318	104,261	72,188
2002	5,680.177	6,364.689	110,917	111,722	75,560
2003	3,446.724	6,228.302	109,750	97,795	71,962
2004	10,103.519	7,648.966	110,046	104,069	71,682
2005	7,807.205	7,801.244	130,000	131,069	88,152
2006	5,470.186	7,587.245	130,000	125,178	72,280
2007	9,728.555	8,403.452	130,000	134,042	94,807

Computing for the budget and land distribution variances yields the table below. Four scenarios are observed: a) expenditure or obligation exceeded the allotment and the area of land distributed exceeds the target [in 2001 and 2002], b) expenditure or obligation exceeded the allotment but the area of land distributed falls below the target [in 2000, 2003, and 2006], c) expenditure or obligation is short of allotment but the area of land distributed exceeds the target [in 2005 and 2007], and d) expenditure or obligation is short of allotment and the area of land distributed falls below the target as well [2004].

Table 12. Budget and land distribution variances, 2000-2007

Year	Budget variance, in PhP M (Obligation – Allotment)	Land distribution variance, in has. (Accomplishment – Target)
2000	488.28	47,928
2001	634.63	2,943
2002	684.51	805
2003	2,781.58	11,955
2004	2,454.55	5,977
2005	5.96	1,069
2006	2,117.06	4,822
2007	1,325.10	4,042

D. Utilizing the OPIF

The Organizational Performance Indicators Framework (OPIF) is one of the two reform components of the Public Expenditure Management (PEM). It is an approach to expenditure management that directs resources towards results and accounts for performance. The first release of the OPIF of the various agencies was in 2007.

For the DAR, its OPIF reflects the total target and budget for the CARP. The Department has three major final outputs (MFOs): 1) land tenure security provided to farmers, 2) legal intervention provided to ARBs, and 3) support services implemented, facilitated, and coordinated for delivery to ARBs. Figure 5 shows the logical framework for DAR. The budget per MFO is also broken down by expense class.⁴

In 2007, the proposed budget for the CARP amounted to more than PhP15 billion. By MFO, budget for land tenure security services got the biggest share, at 60%, while agrarian justice delivery received a meager share of 5%. In addition, for MFO1, two thirds of the total budget is allocated to MOOE. For MFO2, PS comprises 63% of total budget. Finally, for MFO3, two thirds of the budget goes to CO.

By expense class, MOOE comprises more than half of the total budget. It is observed that the budget for PS and MOOE of MFO1 is three fourths of total budget. Finally, allocation for CO is only for MFO3.

Table 13. MFOs by expense class, in PhP M

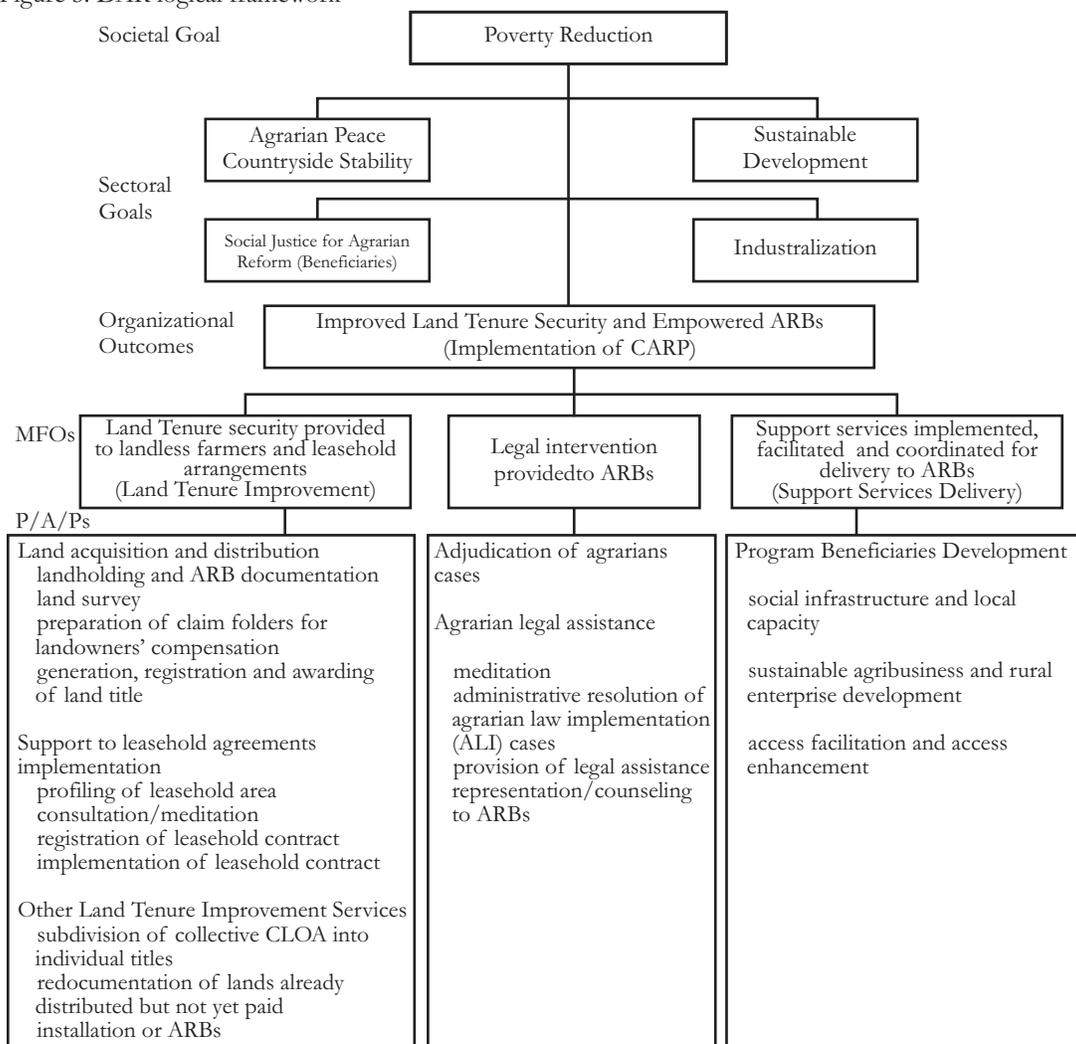
No.	MFO	PS	% exp*	% MFO**	MOOE	% exp*	% MFO**	CO	% exp*	% MFO**	Total	%
1	Land tenure security services	2,764	72%	31%	6,245	78%	69%	--	--	--	9,009	60%
2	Agrarian justice delivery services	487.2	13%	63%	292	4%	37%	--	--	--	779	5%
3	Support services	567	15%	11%	1,482	18%	28%	3,299	100%	62%	5,349	35%
	<i>Total</i>	3,819			8,019			3,299			15,137	
	%	25%			53%			22%				

* percent by expense class

** percent by MFO

Budget expense class: PS – personal services, MOOE – maintenance and other operating expenses, CO – capital outlays

Figure 5. DAR logical framework



The table below shows selected performance targets and budget of DAR for 2007. As earlier mentioned, the proposed budget for CARP in 2007 was PhP15 billion. However, the target budget amounts to only PhP8.6 billion. The OPIF details the target per MFO, such as area size and number of ARBs served.

Table 14. Selected performance targets and budget, 2007

Particulars	2007 Targets	Amount (in PhP M)	%
MFO1: Land tenure security services			
1.1 LAD		5,310.7	62%
LAD area distributed	130,000 has.		
ARBs covered	87,000 ARBs		
% reduction of CARP scope balance	20%		
Area surveyed	130,000 has.		
Area in claim folders approved for payment	100,000 has.		
Area of EPs/CLOAs registered	130,000 has.		
Area of public lands surveyed	150,000 has.		
No. of free patents processed	95,188 patents		
Area covered by processed patents	126,450 has.		
1.2 Leasehold agreements implementation		16.4	>1%
Area placed under leasehold	25,000		
ARBs covered	12,748 ARBs		

Particulars	2007 Targets	Amount (in PhPM)	%
1.3 Other LTI services		166.6	2%
CLOA subdivision:			
Area of CLOAs subdivided	50,000 has.		
Area of individual CLOA redocumented and registered	50,000 has.		
Redocumentation of DNYP:			
Area of redocumented lands covered/identified as DNYP	10,000 has.		
Installation of ARBs			
No. of ARBs installed	10,000 ARBs		
MFO2: Agrarian justice delivery			
2.1 Adjudication of AR cases		25.9	>1%
No. of cases resolved	16,000 cases		
No. of cases resolved/total caseload as of Dec. 2005	62%		
ARBs served	17,043 ARBs		
Area involved	41,572 has.		
2.2 Agrarian legal assistance		82.4	1%
Mediation/conciliation:			
No. of disputes settled	25,000 disputes		
ALI cases:			
No. of cases resolved/disposed	25,835 cases		
No. of ARBs involved	39,962 ARBs		
Area involved	61,057 has.		
ARB representation:			
Judicial courts and Prosecutors office			
No. of cases disposed/submitted for resolution	1,000 cases		
ARBs represented	2,267 ARBs		
Area involved	9,139 has.		
Quasi judicial courts			
No. of cases disposed/submitted for resolution	10,000 cases		
ARBs represented	14,144 ARBs		
Area involved	20,293 has.		
MFO3: Support services			
3.1 In ARCs/non ARCs			
3.1.1 SILCAB		84.9	1%
No. of ARCs launched for the year	95 ARCs		
No. of ARCs established	1,956 ARCs		
No. of ARBs served in ARCs	300,000 ARBs		
No. of ARBs served in non ARCs	75,000 ARBs		
No. of IA's strengthened	77 IAs		
3.1.2 SARED		26.2	>1%
No. of ARBs served in ARCs/non ARCs	300,000 ARBs		
No. of intervention packages undertaken	3,286 interventions		
3.1.3 Access facilitation and enhancement services and rural infrastructure*		2,895.5	34%
No. of ARBs served/covered in ARCs/non ARCs	1,400,000 ARBs		
No. of FMR projects implemented	83 projects		
No. of FMR in kms constructed	922 kms.		
No. of CIP implemented	5,090 projects		
Area of CIP constructed/rehabilitated	14,825 sq. kms.		
No. of CBFM sites developed	30 sites		
No. of small enterprise projects implemented	1,009 projects		
No. of coops/POs assisted in credit and rural financing	688 coops/POs		
No. of linear meters of bridge constructed	950 meters		
No. of potable water supply systems provided	574 systems		
No. of classrooms provided in school buildings	95 classrooms		
No. of solar electrification package/systems provided	7,353 systems		
	Total	8,608.6	100%

* includes local and foreign-assisted projects

A comparison of the 2007 and 2008 budgets is seen in the table below. A 13% increase in the budget for MFO2 is observed. In addition, there was a significant decrease in the budget for MFO3, at 39%. For 2008, the proposed CARP budget was reduced by 11%.

Table 15. Comparison of MFOs, 2007-2008

No.	MFO	Budget (in thousand pesos)		% change
		2007*	2008	
1	Land tenure security provided to landless farmers (Land Tenure Security Services)	9,009,326	9,015,813	0.1%
2	Legal intervention provided to ARBs (Agrarian Justice Delivery Services)	779,124	877,421	13%
3	Support services implemented, facilitated and coordinated for delivery to ARBs	4,252,830	2,600,634	39%
Total		14,041,280	12,493,868	11%

* as reported in the 2008 OPIF

E. COA Audit Reports

The Commission on Audit (COA) performs an annual audit for all agencies and releases audit reports for public utilization. For the DAR, the 2007 audit report covered the financial accounts and operations under Funds 101, 102, and 171. A separate report is prepared for Fund 158. However, audit for Fund 158 is not done on an annual basis. Even if a significant portion of the agency's budget comes from Fund 158, it is not included in the annual audit report done by COA.

The COA's Audit Report has the following sections:

1. Audited Financial Statements
 - a. Audit Certificate
 - b. Statement of Management's Responsibility for Financial Statements
 - c. Consolidated Balance Sheet
 - d. Consolidated Detailed Statement of Income and expenses
 - e. Consolidated Statement of Cash Flows
 - f. Consolidated Statement of Government Equity
 - g. Notes to Financial Statements
2. Observations and Recommendations
3. Status of Implementation of Prior Year's Audit Recommendations

Audit opinions can be classified into four, as follow:

- Unqualified clean, fairly presented
- Qualified generally acceptable
- Adverse not reliable
- Disclaimer no opinion (transactions may not be properly recorded or recording does not follow the generally accepted accounting principles)

From 2002 to 2006, the audit opinion for the DAR had been adverse. The table below cites selected observations from the reports that led to the unfavorable opinion of the auditors. It is worth noting that the same observations recur each year, which may lead one to conclude that the department do not heed the auditors recommendations for compliance.

Table 16. COA Audit opinions of the DAR budget, 2002-2006

Year	Audit opinion	Selected observations
2002	Adverse	<ul style="list-style-type: none"> The Cash account is overstated by PhP4.64 million due to unliquidated advances Overstatement of PhP29.92 million in the Inventory balances due to unrecorded purchases and issuances Various Inventory balances show an unreconciled difference of PhP176.65 million between the balance per books and the inventory report
2003	Adverse	<ul style="list-style-type: none"> The Cash accounts include accumulated unliquidated advances to Disbursing Officers totaling PhP21.1 million The Income accounts have a total understatement of PhP4.35 million representing unrecorded interest income and other revenues
2004	Adverse	<ul style="list-style-type: none"> The Cash accounts included accumulated advances to Disbursing Officers totaling PhP15.56 million which are presumed expended The Receivable accounts included unliquidated cash advances to officers and employees and various fund transfers amounting to PhP17.25 million and PhP1,744.89 million Undocumented recorded Other Investment and Marketable Securities amounting to PhP34.53 million
2005	Adverse	<ul style="list-style-type: none"> The Cash accounts included accumulated unliquidated advances totaling PhP19.02 million which have already been expended The Receivable accounts included accounts amounting to PhP256.39 million that are practically worthless and long outstanding unliquidated advances totaling PhP1.7 billion which are presumed expended
2006	Adverse	<ul style="list-style-type: none"> The Receivable accounts included long outstanding advances to NGAs/GOCCs/LGUs/NGOs/POs expended for project implementation totaling PhP1.035 billion Uncollectible loans totaling PhP252.5 million from debtors/cooperatives who are either non-existing or non-operational Reported investments amounting to PhP3.62 million were undocumented and dormant

In 2007, the Audit Certificate for DAR again stated that “the financial statements are not free of material misstatements”. The adverse opinion was due to the following significant findings:

1. Various accounting errors in the Cash, receivables, Inventories, PPE, and Liability accounts. The table below shows a summary of these accounts.

Table 17. Accounting errors

Account affected	Nature of errors	Effect over (under) statement
Cash	<ul style="list-style-type: none"> Cancelled and unreleased checks at year end not reverted to cash accounts; 	PhP29.6 M
	<ul style="list-style-type: none"> Abnormal negative balances; 	
	<ul style="list-style-type: none"> Unrecorded deposits/withdrawals, interest earned, and bank charges; 	
	<ul style="list-style-type: none"> Unrecorded an erroneous recording of cash advances/liquidation; and Other accounting errors 	
Receivables	<ul style="list-style-type: none"> Unrecorded disallowances and liquidations; 	PhP181.1 M
	<ul style="list-style-type: none"> Abnormal negative balances; 	
	<ul style="list-style-type: none"> Inclusion of worthless loan receivables; and Other accounting errors 	
Receivables	<ul style="list-style-type: none"> Expended but unliquidated advances for more than 91 days to over three years 	PhP1,482.3 M
PPE	<ul style="list-style-type: none"> Completed infrastructure projects which should have been transferred to the public infrastructure registries were still recorded as PPE; 	PhP189.8 M
	<ul style="list-style-type: none"> Unserviceable property still recorded as PPE; 	
	<ul style="list-style-type: none"> Erroneous recording and computation of depreciation; 	
	<ul style="list-style-type: none"> Unrecorded PPE, small tangible items with serviceable life of more than 1 year recorded as PPE; and 	
	<ul style="list-style-type: none"> Other accounting errors 	
Liabilities	<ul style="list-style-type: none"> Invalid, long outstanding, and undocumented or inadequately documented liabilities; 	PhP37.7 M
	<ul style="list-style-type: none"> Payables already recorded although goods and services were not yet delivered; and 	
	<ul style="list-style-type: none"> Other accounting errors 	

2. The reliability of the reported cash account balances totaling PhP399.6 M cannot be ascertained because: a) subsidiary ledgers were not maintained and transaction documents were not submitted for audit to support cash balances; b) preparation of bank reconciliation statements were either significantly delayed or not prepared at all for cash balances; and c) cash balances per books and per bank were not reconciled.
3. There is an unreconciled difference of PhP 39.6 M between the books of DAR and the results confirmation from the Bureau of Treasury.
4. The validity, accuracy, and completeness of the balances of Construction in Progress (CP) accounts amounting to PhP3.4 B could not be established because these were not supported with documents and subsidiary ledgers.

Among the recommendations of the auditors in terms of the financial and compliance observations are for the concerned accountants to comply with the accounting rules implemented, ensure that the concerned personnel liquidate on time their long outstanding advances, strengthen the operation of preventive and monitoring controls within the department, and for the department's management to establish the validity, accuracy, and completeness of pertinent supporting documents.

The Value for Money audit also showed significant findings. These are as follow:

1. DAR was not able to distribute 1,839 has or 1.46% of the 126,119 has. of land programmed for distribution. According to field officials, this is due to perennial problems on documentation of titles, survey returns, claims, resistance of landowners, funding, peace and order, etc. Regions V, IX, and XII were not able to distribute their targets for 2007. Nevertheless, the deficit was offset by the performance of overachieving regions which raised the total accomplishment to 103.77% of target.
2. In addition, DAR had moduled 112,725 has. in 2007 representing 95.26% of the funded target of 118,333 has. The balance of 5,608 has. is to be moduled only in 2008 because of late submission of additional RSS from MAROs to substitute for the hectares that were deleted from the original RSS submitted during validation (since these were already surveyed). Nevertheless, COA viewed the unmet target of 5,608 has. as significant. Moreover, the DAR transmitted for approval to DENR LMS only 70,338 has. which translated to an efficiency rating of only 62.4% based on what had been moduled in 2007.
3. DAR Region IX could have saved PhP193,000 had proper planning and programming of activities in the conduct of survey were undertaken. A survey equipment (leased at PhP 1,000 per day) was contracted for 296 days but was used only for 103 days.
4. In four regions, either the GAD Plan and Budget were not prepared and at least 5% of the total budget appropriation for 2007 was not allocated for GAD implementation or the GAD plan was not carried out.
5. Despite the availability of funds totaling PhP246.85 M or 79% of the total estimated cost of the MINSSAD subprojects to DPWH, NIA, and LGUs, 91 subprojects still remained unimplemented.
6. Of the 63 infra subprojects inspected in Regions X, XII, and XIII, with a total project cost of PhP 181.43 M, 52 or 82% were already utilized, one project costing PhP 14.31 M was not fully utilized, and 10 subprojects totaling PhP 19.08 M were not utilized. Likewise, of the 63 subprojects, 51 or 81% costing PhP 135.37 M were found in good condition and 12 or 19% with project cost of PhP 46.05 M were found defective.

The auditors recommend that DAR address squarely the causes that hinder LAD. In addition, they called upon project management to implement immediately appropriate measures that would address all controllable factors that delayed project implementation and mitigate those that are uncontrollable.

In terms of DAR's implementation of prior year's audit recommendations, only 3 out of the 19 recommendations by the auditors (or 16%) were fully implemented and the rest were partially implemented.

In 2006, the COA conducted an audit on the utilization of the forfeited Swiss deposits transferred to the ARF for the implementation of the CARP, as part of the Government wide Sectoral Performance Audit (GWSPA). The audit covers the CARP implementation of all the CIAs only for the years 2004 and 2005. The project team inquired of previous years' audit on the ARF, COA mentioned that it was the only audit they made for the ARF since CARP started.

The performance of the CIAs was assessed using the following evaluation criteria: 1) appropriate fund disposition, 2) effective project implementation, 3) rationale identification of infrastructure projects, 4) accurate reporting of accomplishments, and 5) adequate funding for landowners' compensation. The audit of funds released to DAR was limited to selected MOOE accounts and payment of allowances out of releases for PS. On the other hand, validation of reported accomplishments on infra projects implemented by the DPWH, NIA, DAR, and LGUs was limited to projects implemented in Regions II, III, IV A, and VI, while validation of payments by the LBP to landowners and land distribution to beneficiaries were not covered in the audit.

The audit disclosed that substantial amounts intended to deliver the required services to CARP beneficiaries were not effectively utilized. The ARBs did not obtain maximum benefits from the amounts reimbursed from the ARF as they were not given preference under the program. This is manifested in the following findings:

1. An aggregate amount of Php521 million were not appropriately disposed as these were used to finance excessive, unnecessary expenses, and regular activities of the CIAs and other government agencies and projects unlikely to benefit the ARBs. These activities are found in the table follow:

Table 18. Activities that were inappropriately funded, 2004 2005

No.	Description	Amount (in Php M)
1	Operational requirements of the regular activities of the CIAs, unnecessary and excessive claims	419.5
2	Advertising expenses of DAR (e.g. simultaneous advertising of CARP anniversaries and DAR accomplishments in as many as 8 different print media which is considered unnecessary under existing COA regulation and advertising of various items as many as 5 times per month, in addition to simultaneous coverage of DAR commercials in different stations at almost year round)	45
3	Lease contracts for IT and other office equipments entered into by DAR exceeded the acquisition cost for similar brand new items by 27% to 297%	2.9
4	Procurement of ink cartridges exceeding the process offered by the Procurement Service by an average of 29.6%	2.2
5	Investment of DAR in projects unlikely to benefit the ARBs (one project was already non operational without return on investment yet, while the status of 8 others were uncertain due to the absence of reports)	58.5
6	Excessive cost incurred by the LRA in distributing patents, with the assistance of Central officials and employees	3.5

In addition, the efficient utilization of ARF was also affected by the continuous allocation of funds to the CIAs' Regional Offices without commensurate accomplishments.

2. A number of projects were also not effectively implemented, depriving the ARBs benefits therefrom. Validation of available distribution list of hybrid seeds and other farm inputs/implements procured under various programs/projects revealed that PhP81.1 million were released to non ARBs, to recipients who are unknown at their given addresses, or not released at all, while validation of releases amounting to PhP 45 million could not be undertaken as these remained unliquidated. These cases are:

Table 19. Projects/activities that were inappropriately funded, 2004 2005

No.	Description	Amount (in PhP M)
1	The reported beneficiaries of farm inputs released to 2 NGOs could not be located at their given addresses. The respective barangay officials certified that the listed recipients were not residents of their barangays.	50
2	Verification of propriety to 4 NGOs assistance to various farmers could not be undertaken as these remained unliquidated.	45
3	Out of 13,960 bags of hybrid rice reportedly sold to farmers, only 1,106 were procured by ARBs. The rest were sold to non ARBs.	15.4
4	The 5 units of fabricated shredder were distributed in private farms and subdivision.	3
5	Liquid fertilizers procured were either undistributed, distributed but undocumented, or distributed to non ARBs.	2.9
6	Small share of recipients of fertilizers were ARBs, majority of recipients were non ARBs.	8.9
7	Bags of seeds that were reportedly distributed by PhilRice were apparently returned to suppliers and /or PhilRice while a significant amount remained undistributed.	0.8

3. Substantial amounts were used to procure items at excessive prices, contract out the same activities twice, and finance camp out/rallies of farmers at DAR and PCA offices.

Table 20. Excessive pricing, 2004 2005

No.	Description	Amount (in PhP M)
1	Procurement of farm inputs and implements exceeded the market price	42.7
2	The DAR and PCA contracted out the same activity to an NGO	2.4
3	Funds released for advocacy to finance camp out/rallies	0.7

4. A great number of projects amounting to PhP1.1 billion were not among the priority projects validated for implementation, some of which were constructed in areas without ARBs, while 96 projects implemented by NIA in the amount of PhP362.1 million have no corresponding releases.
5. Of the 535 farm to market roads inspected, 353 costing PhP381.5 million were road gravelling, which did not provide long term benefits to ARBs. In addition, some projects constructed already needed rehabilitation.

The audit team forwarded the draft audit report for comment to PARC Secretariat and DAR Secretary. Upon review, they recognized the existence of the deficiencies raised in the report, with some reservations, and submitted explanations on the circumstances surrounding the issues.

In view of the noted deficiencies, some of the audit recommendations to the CIAs, including the DAR, are as follow:

1. Stop the practice of using the ARF for purposes other than those that would benefit the ARBs and financing unnecessary and excessive claims.
2. Require the refund of fund transfers which could not be liquidated, with inappropriate liquidation reports, used in payments of expenditure in excess of the prescribed limits, and not within the CARP coverage.

3. Conduct thorough validation of all projects intended to be funded under CARP, evaluation of the benefits derived by the ARBs for each project, identification of the targeted beneficiaries before any release is undertaken, monitoring of project implementation to ensure that all programs and projects redound to the benefits of the ARBs and price evaluation before any procurement is undertaken.
4. Stop the practice of transferring funds to suspicious NGOs for procurement of farm inputs, implements, and other items.

V. Conclusions

The following are the study's significant findings based from the quantitative and qualitative analyses done:

1. Overreleases were observed in the years 2004 and 2007, which also happen to be election years.
2. In terms of regional allocation for Fund 101, Region 3 was given the highest appropriation, since the most number of ARBs live in this region. Regions 4 and 6 also received a generous share of appropriation, since LAD scopes, balances, and number of ARBs in these regions are relatively high. On the other hand, Region 1 received greater appropriation compared with Region 12, even if LAD scope, balance, and the number of ARBs are less than the former compared with the latter.
3. In the years 2000, 2003, and 2006, expenditure or obligation exceeded the allotment but the area of land distributed falls below the department's target.
4. DAR was given an adverse opinion by COA in all its audit reports, from 2002 to 2007.

It is clear that funds intended for the CARP to benefit ARBs were not appropriately expended. Factors that contribute to this conclusion include ineffective project implementation, inaccurate reporting of accomplishments, non compliance with proper accounting and reporting guidelines, lax in monitoring and evaluation by management, and transactions that reflect overpricing, among others. These factors could have been avoided or mitigated, if there are deliberate efforts from the department.

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DISCUSSION PAPER NO. 2

**How to gut a CARP: An analysis of the 2009 DAR budget
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I. Introduction

Contrary to public knowledge, it was NOT the Comprehensive Agrarian Reform Program (CARP) that expired last December 2008 but rather only Republic Act No. 8532 which merely extended (up to 2008) and replenished (with another fifty billion pesos) the Agrarian Reform Fund (ARF).

Nowhere in Republic Act No. 6657 (the Comprehensive Agrarian Reform Law) or in Republic Act No. 8532 was a specific time frame or deadline for the completion of the implementation of CARP ever set. Although section 5 of R.A. No. 6657 stated that “the distribution of all lands covered by this Act shall be implemented immediately and completed within ten (10) years” an opinion issued by the Department of Justice in 1997 (DOJ Opinion No. 9, series of 1997) already clarified that the said provision was merely “directory” and not “mandatory.” Said opinion has been reiterated by the current DOJ leadership.

This explains why R.A. No. 8532, the supposed first “extension” law passed by Congress in 1998, was merely an amendment to Section 63 of R.A. No. 6657 a section on the “Funding Source” for CARP.

On the other hand, the 1987 Philippine Constitution is clear in its mandate, as stated in Article XIII, Section 4, that the “State shall encourage and undertake the just distribution of ALL agricultural lands...” Thus, it is argued that CARP is only completed when ALL agricultural lands have been acquired and distributed under CARP.

Thus, it is clear that only funding for CARP and not CARP (the program) itself expired last December 2008.

However, anti CARP groups and legislators have been continuously attempting to muddle the issue by creating the misconception that it is CARP or RA No. 6657 itself that is expiring in December 2008. The intention is clearly to condition the minds of the people that CARP has truly expired or ended so that land still unacquired and undistributed (some 1.3 million hectares more of private agricultural lands) would no longer be covered under CARP.

At the same time, anti CARP groups and legislators have been bullying their way into passing legislation that would “terminate” CARP or, at least, remove the “heart and soul” of CARP or any agrarian reform program its land acquisition and distribution component.

Such an agenda have been manifested in documents like Joint Resolution No. 19, issued by Congress last December 17, 2008, DAR Secretary Pangandaman's Memorandum No. 09 1804 and the 2009 General Appropriations Act (GAA).

II. Joint Resolution No. 19, DAR Memorandum on J.R. No. 19 and the 2009 DAR Budget

Joint Resolution No. 19

Joint Resolution No. 19 was approved by both chambers of Congress last December 17, 2008 as a measure to supposedly give it another six months to act on House Bill No. 4077 and Senate Bill No. 2666, which are the respective consolidated bills of the House and Senate that seeks to extend the funding for the Comprehensive Agrarian Reform Program (CARP) and, also, introduce reforms or “perfecting amendments” to Republic Act No. 6657 or the Comprehensive Agrarian Reform Law (CARL).

An earlier joint resolution (Joint Resolution No. 21) was drafted and passed by the House of Representatives (said joint resolution, however, was not approved by the Senate) last June 10, 2008 to maintain the status quo in the implementation of CARP and extend the “implementation” up to December 31, 2008 to also supposedly give Congress ample time to act on the said proposed legislations.

Joint Resolution No. 19 basically “extended” for six (6) months from January 1, 2009 to June 30, 2009 the “period of coverage of the Agrarian Reform Program” but only for private agricultural lands whose landowners have offered their lands under the Voluntary Offer to Sell (VOS) and under the Voluntary Land Transfer (VLT). This means that lands under Compulsory Acquisition (CA) shall not be acquired and distributed during the said six month extension period.

However, deliberations in the Senate clearly indicated that all landholdings already in the pipeline (CA, VOS, VLT, etc.) would not be included among those landholdings which would not be covered by the deferment on land acquisition and distribution within the said six month “extension” period. This would be material as the approved joint resolution was adopted en toto by the House of Representatives (HOR) when it failed to file its own version of the said joint resolution. Also, deliberations at the HOR also did not touch on whether or not landholdings under CA but already on the pipeline or under process would be included or excluded during the “extension” period.

This also would be manifested in the Special Provision No. 3 of the DAR 2009 budget which states:

- I. Suspension of land acquisition and distribution. Notwithstanding any provision or appropriation in this bill or any other law to the contrary, no amount whether from the national treasury, special funds, remittances from the PCGG/APT or ill gotten wealth cases, shall be appropriated/used for land acquisition or distribution, **except for those whose acquisition and distribution procedures have already commenced as of December 31, 2008.**

Joint Resolution No. 19 also mandated the Department of Agrarian Reform (DAR) to continue delivery of support services to beneficiaries of lands that have been acquired and distributed as of December 15, 2008. However, the Joint Resolution falls short or failed to include increase in budget allocation for support services as highlighted in the proposed CARP extension with reforms bills in the Congress.

DAR Memorandum No. 09-1804

In response to the issuance of Congress' Joint Resolution No. 19, the DAR issued last January 12, 2009 Memorandum No. 09 1804 entitled, “2009 Operational Directives Relative to the Congressional Joint Resolution.” The said memorandum was issued way before the said joint resolution became effective. The said joint resolution was signed by both chambers of Congress last December 17, 2008 but was received by the Office of the President only on December 23, 2008. The said joint resolution to be effective had to be signed by the President or be allowed to lapse into law after thirty (30) days upon receipt of the said joint resolution. The said joint resolution was not signed by President Arroyo and lapsed into law last January 22, 2009. However, publication of the said joint resolution in a gazette is also required. It then finally becomes effective after fifteen days from publication.

The said DAR memorandum served as a guide for the different DAR departments in the preparation of their respective “specific sectoral directives and quantitative targets.”

However, the said memorandum deferred “the processing of compulsory acquisition (CA), including those landholdings in the pipeline, and survey activities for lands under CA until further notice.”

2009 DAR Budget

The 2009 DAR budget provides for a total of P13,057,128,000.00. The said amount is around P3.5 billion less than the submitted amount by the DAR of around P 16.5 billion. The said appropriation is P 671,173,000 higher than the DAR's 2008 total appropriation of P12,385,955,000 (i.e. P1,762,158,000 for DAR regular and P 10,623,797,000 for the Agrarian Reform Fund).

However, DAR's land acquisition & distribution (LAD) budget was slashed by P2,988,056,000 from 2008's P8,919,202,000 to 2009's P5,931,146,000.

Below is the summary of the approved DAR budget for 2009, including the DAR AFMA budget:

I.	General Admin Support	P	190,135,000
II.	Support to Operations		103,198,000
III.	Operations		7,475,188,000
	<i>a. Agrarian Legal Assistance</i>		<i>15,359,000</i>
	<i>b. AR Information and Education</i>		<i>22,150,000</i>
	<i>c. Agrarian Legal Services</i>		<i>145,763,000</i>
	<i>d. Land Acquisition & Distribution</i>		<i>1,288,299,000</i>
	<i>e. Land Use Mgt & Land Devt</i>		<i>59,225,000</i>
	<i>f. ARB Devt</i>		<i>13,246,000</i>
	<i>g. For the requirement of the CARP</i>		<i>5,931,146,000</i>
IV.	DAR-AFMA		5,288,607,000
	TOTAL	P	13,057,128,000

Of the P 5,288,607,000 appropriated for DAR AFMA (which shall be utilized for the Program Beneficiaries Development Component of CARP or support services delivery) P3,795,146,000 is allocated for Foreign Assisted Projects while the rest are for Locally Funded Projects and distributed among the following CARP implementing agencies:

DAR	P	935,920,000
DENR		150,000,000
DA NIA		235,227,000
DTI		72,314,000
DPWH		100,000,000
TOTAL	P	1,493,461,000

It should be noted that most of locally funded support services have been traditionally farm to market roads and irrigation which are usually constructed by the DA NIA and DPWH and yet for 2009 the DAR has been allocated P 935,920,000 significantly bigger than the budgets for DA NIA (P 235,227,000) and DPWH (P 100,000,000).

Also, in 2008 the total amount appropriated for foreign assisted and locally funded projects was only P1,704,595,000. This almost tripled in 2009 with P5,288,607,000.

Entering the Bi-cameral Conference Committee meeting for the 2009 General Appropriations Act (GAA) the DAR's budget (including the DAR AFMA) totaled P14,353,536,000. However, the budget item "g. For the requirement of the CARP" which at that time totaled P7,227,554,000 was slashed to P5,931,146,000 or by P1,296,408,000.

Below is the breakdown and comparison of the of the said budget item prior to and post the Bi cameral Conference Committee meeting:

Implementing Agency	Pre Bi-Cam	Post Bi-Cam	Difference
DAR	4,038,299,000	4,103,460,000	65,161,000
DENR	456,351,000	446,720,000	(9,631,000)
DOJ LRA	105,829,000	102,059,000	(3,770,000)
DOF LBP	2,627,075,000	1,278,907,000	(1,348,168,000)
TOTAL	7,227,554,000	5,931,146,000	(1,296,408,000)

It should be noted that the biggest cut in the said budget item was the amount due to the DOF LBP which basically is the budget for landowner's compensation or initial cash payment for lands acquired. This is basically consistent with Special Provision No. 3 which prohibited the use of funds for LAD except for landholdings already in the pipeline. Thus, some P1.3 billion pesos were still appropriated.

It is just interesting that as all of the above mentioned CARP implementing agencies (i.e. DENR, DOJ LRA and DOF LBP) received cuts in their respective budgets for the said line item the DAR, on the other hand, received an additional P65 million.

The DAR's memorandum, which allows for the acquisition and distribution of VLT and VOS claims but not those under CA (even if already in the pipeline) would have to adjust to the said budget provisions as it provides funds for pipeline projects regardless if to be acquired under CA, VOS, VLT, etc.

The special provision, however, does not provide for funding for any LAD that is not in the pipeline. Thus, DAR would have no funds for VLT and VOS claims.

This special provision is also inconsistent with Congress' Joint Resolution No. 19, which allows the acquisition and distribution of lands under the VOS and VLT scheme.

On the other hand, the 2009 GAA also exceeds the mandate of Joint Resolution No.19 which is only effective up to June 30, 2009. Special Provision No. 3 of the 2009 DAR budget covers the whole year of 2009.

It should also be noted that the budget item DAR AFMA amounting to P 5,288,607,000, which is to be used for the Program Beneficiaries Development Component of CARP, is equivalent to 40% of the whole 2009 DAR budget. This is a significant increase from the 25-30% usually allocated for support services delivery for CARP beneficiaries. (This does not violate Section 36 of RA 6657 which states that "at least twenty five [per cent] (25%) of all appropriations for agrarian reform shall be immediately set aside and made available for" support services delivery.

The table below illustrates the inconsistencies between the three major documents discussed. Joint Resolution No. 19 should be considered the framework document for the other documents.

	Time Frame	CA	VOS & VLT	CA pipeline	VOS/VLT pipeline
JR 19	6 mos.	No	Yes	Yes*	Yes*
'09 GAA DAR	1 yr.	No	No	Yes	Yes
DAR Memo 09 1804	6 mos.	No	Yes	No	Yes

III. Conclusion/Implications of the 2009 DAR Budget

There is full budget for support services for CARP beneficiaries in 2009. There is also appropriations for 2009 for the acquisition and distribution of landholdings (regardless if under CA, VLT, VOS, etc.) in the pipeline or whose acquisition have already commenced as of December 31, 2008. Apparently, the “wisdom” for this is to allow the DAR to settle first all pending and backlogs in its land acquisition and distribution target before it is allowed to proceed with new land acquisitions.

Subsequently, that is why there also are no funds for the acquisition and distribution of NEW lands for 2009 even after the efficacy of Joint Resolution No. 19 expires in June 30, 2009.

There appears to be significant amount of money being placed under the office of the DAR Secretary in the form of support services projects and operations activities. Having been lambasted in public hearings for at both the Senate and House for its inefficiency, it is quite surprising that Congress would now “reward” the DAR/Office of the Secretary with significant and additional funding.

Having issued its memorandum prematurely, the DAR should re issue a memorandum adopting the implications of the 2009 GAA i.e. to proceed with the acquisition and distribution of all landholdings in the pipeline including those under CA.

Case Study: Field Monitoring in Compostela Valley

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Attachments

Attachment A	List of ARB respondents
Attachment B	Survey for ARBs
Attachment C	Monitoring tool for farm to market roads
Attachment D	Monitoring tool for post harvest facilities
Attachment E	Monitoring tool for communal irrigation projects
Attachment G	Pictures and observations on support services projects

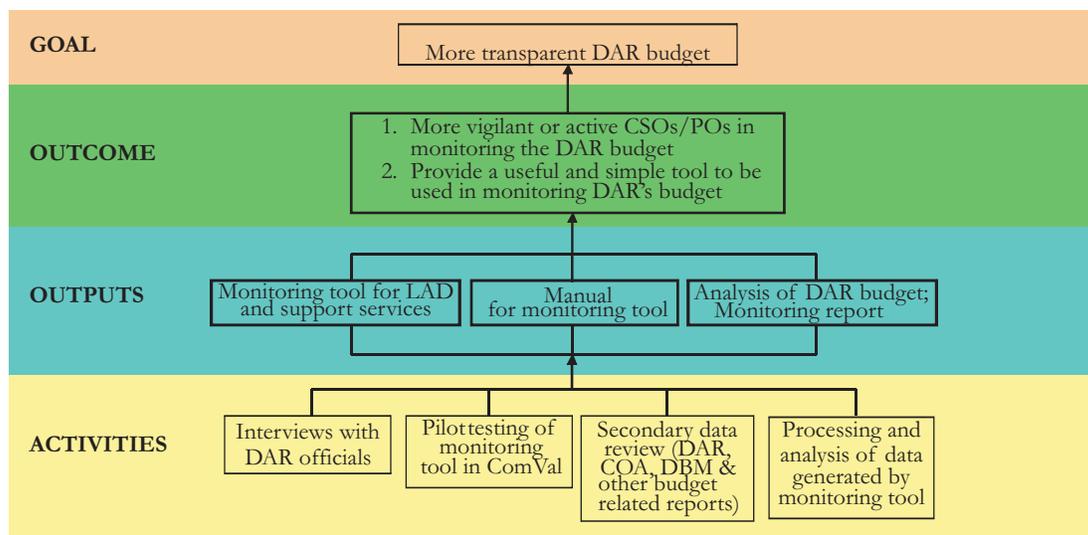
I. Project background

The DARBM project is a research and advocacy project spearheaded by PhilDHARRA. This is an initiative of the Management Systems International (MSI) in partnership with the La Salle Institute of Governance (LSIG) and INCITE Gov, with funding from the US Agency for International Development (USAID). The project seeks to establish a mechanism for civil society monitoring of the DAR's budget and its utilization. In line with this general objective, the project aims to achieve the following specific objectives:

1. To write and publish a manual for field monitoring of the Comprehensive Agrarian Reform Program (CARP) land acquisition and distribution (LAD) and support services delivery projects, including the development of field monitoring tools;
2. To conduct a training of on the conduct of field monitoring of CARP LAD accomplishments and support services delivery projects;
3. To conduct field monitoring of CARP LAD accomplishments and support services delivery projects vis à vis approved and released CARP budget for 2007 in the province of Compostela Valley as pilot site; and
4. To disseminate data and field monitoring reports generated by the project to stakeholders.

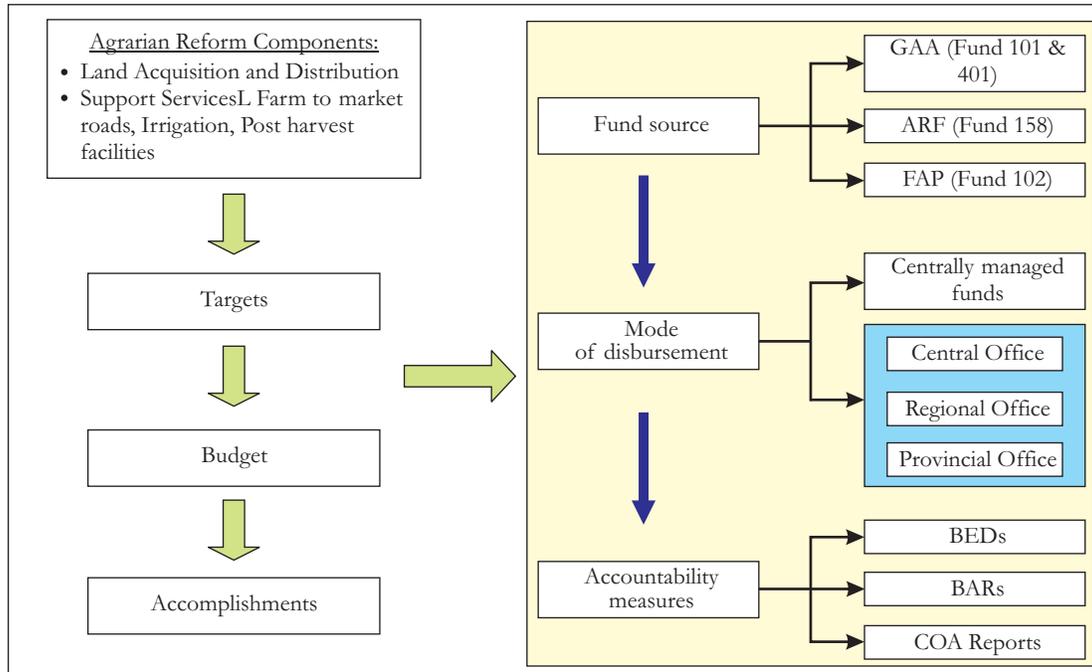
Figure 1 below shows the performance framework of the project. The project generally focused on the accountability component of the budget process. With regards to the relevance of the project to the overall objective of the National Budget Monitoring Project, the project developed user friendly tools and easily replicable procedures for monitoring the actual execution of targets and projects as reflected in the national and provincial budgets of the DAR. By developing such tools and building the capacity of other agrarian reform CSOs to use such tools and procedures, CSOs can collectively develop a comprehensive alternative source of information for agrarian reform implementation in the country which in turn will assist CSOs and policy makers for the effective monitoring and analysis of the DAR budget.

Figure 1. Performance framework



As earlier mentioned, the project focused on the accountability component of the budget process. The project team identified “monitorable” items of LAD and support services. Basically, analysis will be done by comparing the targets set by DAR at the beginning of the year and the accomplishments reported at year end. Corresponding budget in delivering the set targets will be evaluated as to its allocative efficiency. If the targets had been met, this translates that the funds were expended efficiently and rightfully. In looking at the budget, considerations will be given to fund source, mode of disbursement, and accountability measures internal to DAR and other relevant government agencies (e.g. the Department of Budget and Management and the Commission on Audit). In addition, the reported accomplishments will be validated by reviewing budget execution documents (BEDs), budget accountability reports (BARs), and audit reports of COA. Figure 2 below shows the project’s analysis framework.

Figure 2. Analysis framework



This report will show the findings of the pilot testing of the monitoring tools/survey conducted in Compostela Valley. Learnings in this pilot testing had been considered for enhancement of the tools/survey forms, to make them more accurate, useful, and user friendly for POs and NGOs who may embark on similar monitoring in their respective provinces. As earlier mentioned, the study's findings will be compared with the accountability measures in place, such as review of the BEDs and BARs. However, upon inquiry at the DAR Central Office and at the DBM Bureau E, these documents were not submitted by DAR in 2007. On the other hand, COA audit reports are available at the agency's website and the reports were used to substantiate the study findings.

II. Field monitoring design

The project chose Compostela Valley as pilot site for the field monitoring. Compostela Valley is a province in Mindanao, with Nabunturan as its municipal capital. The province is composed of 11 municipalities divided into 237 barangays. In terms of CARP scope, 90% had already been distributed. The province is home to more than 37,000 ARBs. The table below shows the LAD scope and cumulative accomplishment per municipality.

Table 1. Cumulative LAD accomplishment per municipality, 1972-2007

Municipality	Scope	Accomplishment		No. of ARBs
		Hectares	Percent	
Compostela	2,973	2,333	78%	1,826
New Bataan	2,545	1,885	74%	1,604
Maco	1,774	1,568	88%	1,621
Mabini	2,261	2,159	95%	1,056
Mawab	1,793	1,639	91%	1,319
Monkayo	8,966	7,451	83%	7,046
Montevista	4,014	3,606	90%	3,550
Nabunturan	4,798	4,018	84%	3,763
Pantukan	5,303	4,719	90%	3,387
Maragusan	6,197	5,966	96%	2,943
Laak	17,557	17,143	98%	9,079
Total	58,181	52,487	90%	37,194

In 2007, DAR was able to accomplish more than its target hectares of land to be distributed in the province, as reflected in the table below.

Table 2. LAD accomplishment per municipality, 2007

Municipality	Scope	Accomplishment	
		Hectares	Percent
Compostela	276	289	103%
New Bataan			
Maco	60	60	100%
Mabini			
Mawab	178	172	79%
Monkayo	192	192	100%
Montevista	146	162	111%
Nabunturan	227	239	105%
Pantukan	178	212	119%
Maragusan	77	77	100%
Laak	233	181	81%
Total	1,567	1,584	101%

A. Support services monitoring

For the support services monitoring, the project team secured the list of projects funded by DAR in 2007 from the Provincial Agrarian Reform Office (PARO). There were 3 farm to market road projects and 10 post harvest facilities (all of which are multi purpose pavements) projects under the Mindanao Sustainable Agrarian Reform Community Settlement Area Development (MinSSAD) project identified. The 13 projects, enumerated in the table below, are all situated in the municipality of Laak. These projects were all subjected to field monitoring.

Table 3. Support services covered in the monitoring

No.	Name of project	Location		Units
		Municipality	ARC	
Farm to Market roads				
1	Rehab of Purok 3 Macopa Road	Laak	Davao Settlement No. 2	3.52 kms
2	Rehab of Magtagoktok Ceboleca Road	Laak	Davao Settlement No. 2	7.03 kms
3	Rehab of Macopa Proper Sitio Linumbaan Road	Laak	Davao Settlement No. 2	2.08 kms
Post harvest Facilities (Multi purpose pavements or MPPs)				
1	Const. of Sitio New Cebu MPP	Laak	Davao Settlement No. 2	400 sq m
2	Const. of Barubo MPP	Laak	Davao Settlement No. 2	400 sq m
3	Const. of Purok 14 MPP	Laak	Davao Settlement No. 2	400 sq m
4	Const. of Sitio Old Laak MPP (1)	Laak	Davao Settlement No. 2	400 sq m
5	Const. of Sitio Old Laak MPP (2)	Laak	Davao Settlement No. 2	400 sq m
6	Const. of Sitio Upper San Roque MPP	Laak	Davao Settlement No. 2	400 sq m
7	Const. of Lower Macopa MPP	Laak	Davao Settlement No. 2	400 sq m
8	Const. of Sitio Tabon MPP	Laak	Davao Settlement No. 2	400 sq m
9	Const. of Sitio Baugo MPP	Laak	Davao Settlement No. 2	400 sq m
10	Const. of Sitio Tugpahan MPP	Laak	Davao Settlement No. 2	400 sq m

B. LAD Monitoring

To generate the sample beneficiaries that will be covered by the survey for field monitoring, the project team secured the list of ARBs from the PARO. The list from the PARO have the following information: 1) Mode of land acquisition (ex. voluntary offer to sell, government owned lands), 2) Certificate of Land Ownership (CLOA) number, 3) Date generated, 4) Date registered, 5) Title number, 6) Survey number, 7) Lot number, 8) Land area, 9) Location (barangay, municipality), 10) Lot type, 11) Name of beneficiaries, and 12) Name of landowner. In 2007, the number of farmer beneficiaries in the province awarded by CLOA is 1,462. With a confidence interval of 10 and confidence level of 95, the sample size computed, using an online sample size calculator, is 90. Getting the weighted share of the number of ARBs by mode of acquisition will give the number of respondents that will be surveyed. The breakdown of ARBs and respondents by mode of acquisition is seen in the table below.

Table 4. Number of respondents, by mode of acquisition

No.	Mode of acquisition	No. of ARBs (in 2007)	Weight	Number of respondents
1	Voluntary offer to sell (VOS)	445	0.30	27
2	Voluntary land transfer (VLT)	941	0.64	58
3	Government owned lands (GO)	60	0.04	4
4	Undefined program class	16	0.01	1
	Total	1,462		90

Once the sample size and number of respondents per mode of acquisition had been determined, the project team conducted a random sampling selection from the list of ARBs. The distribution of respondents per municipality is shown in the table below.

Table 5. Number of respondents, by municipality

No.	Municipality	No. of respondents	Percent
1	Compostela	9	10%
2	Laak	9	10%
3	Maco	6	7%
4	Maragusan	5	6%
5	Mawab	15	17%
6	Monkayo	10	11%
7	Montevista	8	9%
8	Nabunturan	15	17%
9	New Bataan	4	4%
10	Pantukan	9	10%

The names of respondents randomly generated are included in this report as Attachment A.

C. Field monitoring mechanics

The project team established partnership with a local partner to conduct the actual field monitoring in Compostela Valley. The local partner tapped is the TRIPARRD Federation of Agrarian Reform Beneficiaries Cooperative, Inc. (TRIFED ARBC). The organization was an offshoot of previous projects of PhilDHRRRA on ARB development and its General Manager, Mr. Elmer Mailwas, is currently a member of the Provincial Agrarian Reform Committee (PARCOM) as the NGO representative. Four monitors were identified and Mr. Mailwas acted as Field Supervisor. Training of field monitors was conducted in November 2008 where the final field monitoring tools and manual/guide were distributed as training materials. Attachment B shows the survey for ARBs for LAD monitoring and Attachments C to E shows the monitoring tools for supports services.

¹The Sample Size Calculator is presented as a public service of Creative Research Systems (<http://www.surveysystem.com/sscalc.htm>)

Actual field monitoring proceeded in the months of December 2008 to January 2009. Three monitors were assigned to cover the 90 ARB respondents. Moreover, one monitor and the field supervisor were assigned for the support services. The monitors submit the furnished monitoring tools/survey form to the field supervisor on a weekly basis, given the distance of the municipalities. The field supervisor ensured that all questions in the monitoring tools were answered accurately and that pictures were taken for all the support services projects. Field monitoring notes were also required for submission, in case the monitors were able to generate information that will be relevant to the project. Upon completion of the monitoring, the furnished tools and field notes were submitted to the project team for data checking, consolidation, and processing.

III. Field monitoring findings

A. Support services monitoring

As earlier mentioned, 3 farm to market roads and 10 multi purpose pavements were included in the monitoring. Farm to market roads are infrastructure projects that aim to lower the cost of transporting farm goods from the farm to the market. These road projects may vary on surface, such as cement concrete, asphalt concrete, gravel, and earth surface. Meanwhile, multi purpose pavements are concrete structures mainly used as solar dryers by farmers for their crops.

Out of the 13 support services projects included in the monitoring, 11 projects are present in the site or specified location. 2 projects were not found in the site. These 2 projects are found in the table below, including a description of the current use of the site.

Table 6. Projects not found in the site

No.	Name of project	Barangay	Project cost	Current use of site
1	Multi purpose pavement	Poblacion	PhP274,839.11	Vacant land
2	Multi purpose pavement	Purok 14, Poblacion	PhP274,839.11	Purok center

These 2 projects had been allocated funds by DAR. However, because these have not materialized, resources had not been put to good use. The combined amount of these 2 projects is PhP549,678 a considerable amount that could have been allotted to other services.

Project cost is included in the data given by the PARO. Computation of per unit costing is shown in the table below. Some of the variables that affect project cost are the materials used, distance of the project from town proper or source of materials, and project area or size of the project. From the table below, highlighted in yellow, the 2 roads have similar surface finish of concrete portions and gravel portions, however, the Purok 3 Macopa Road has a higher per unit cost. A hypothesis that can be made is that there may have been overpricing or overestimation of materials in this road construction. There is a need for closer inspection of the scopes of work for the two roads to conclude that funds had indeed been misused.

For the MPPs, the standard size of the constructed structures is 400 sq m. Average unit cost per sq m. is PhP712.

Table 7. Project and unit costs

No.	Name of project	Unit	Project cost (in PhP)	Unit cost (in PhP)
Farm-to-Market roads				
1	Rehab of Purok 3 Macopa Road	3.52 kms	10,080,052	2,863,651/km
2	Rehab of Magtagoktok-Cebole da Road	7.03 kms	10,719,163	1,524,774/km
3	Rehab of Macopa Proper-Sitio Linumbaan Road	2.08 kms	2,343,506	1,126,686/km
Post-harvest Facilities (Multi-purpose pavements or MPPs)				
1	Const. of Sitio New Cebu MPP	400 sq m	289,000.00	723/sq m
2	Const. of Barubo MPP	400 sq m	274,839.11	687/sq m
3	Const. of Purok 14 MPP	400 sq m	274,839.11	687/sq m
4	Const. of Sitio Old Laak MPP (1)	400 sq m	274,839.11	687/sq m
5	Const. of Sitio Old Laak MPP (2)	400 sq m	289,000.00	723/sq m
6	Const. of Sitio Upper San Roque MPP	400 sq m	289,000.00	723/sq m
7	Const. of Lower Macopa MPP	400 sq m	289,000.00	723/sq m
8	Const. of Sitio Tabon MPP	400 sq m	289,000.00	723/sq m
9	Const. of Sitio Baugo MPP	400 sq m	288,800.00	722/sq m
10	Const. of Sitio Tugpahan MPP	400 sq m	289,000.00	723/sq m

Of the 8 multi purpose pavements found in the site, 2 had observable defects. There were cracks in the middle of the pavement, which diminishes the full utilization of the facility. According to the field notes of the monitor, farmers were not able to dry their crops properly because of the cracks. Since these pavements have been constructed for only a year, the cracks in the facility may show poor quality upon which they were constructed. Another hypothesis is that the appropriate materials may not have been used or that good quality materials were replaced by low quality, in effect, cheaper materials. Further verification is needed to arrive at a valid conclusion.

For the 3 roads, they were all reported to be in good condition or passable. Although there were some potholes in certain portions of the road, the monitors deemed that these were caused by continuous rains in the past months. They generally rated these roads to be in good condition. The monitors also noted that the LGU in Laak allot funds for road maintenance.

Pictures of the support services projects taken during the field monitoring and some observations per project are included in this report as Attachment G.

B. LAD monitoring

The main objective of conducting the survey of ARBs is to validate if the reported accomplishments or beneficiaries of the program is indeed accurate. There were documented cases in the literature where fictitious names are included in the list of ARBs and who were even reportedly beneficiaries of support service programs.

Of the 90 respondents included in the study sample, 83 or 93% were found living in the awarded lands or specified locations based from the list given by the PARO. There were 7 persons who were not found and according to inquiry of the monitors in the Municipal Agrarian Reform Office (MARO), these persons were not residents of their respective barangays. The information below is culled from the field notes of the monitors.

Table 8. Number of ARBs not found on site

Municipality	No. of ARBs not found	Remarks
Compostela	4	The names in the list are not residents of the municipality of Compostela, according to the MARO. No one knew these people.
Mawab	2	The names in the list are not residents of the municipality of Mawab. One of the two was a resident of Samal Islands, as identified by a MARO staff, and was informed that this person is not an ARB.
Nabunturan	1	The person is not a resident of the municipality of Nabunturan, according to the MARO.

In the CARP Briefer and Statistical Handbook, average cost of LAD per hectare was estimated (see table below). If we were to get the mean land value of PhP200,000/ha, the cost of LAD for 7 ARBs is PhP450,233. It may be assumed that this is the cost corresponding to the “reported” distribution of land to the fraudulent 7 ARBs.

Table 9. Average cost of LAD per hectare

Land values	Average cost of LAD (First year costs)
PhP100,000/ha	PhP34,319
PhP200,000/ha	PhP64,319
PhP300,000/ha	PhP94,319

It is worth noting that for only a small sample of 90 ARBs, 7% are already validated as “fictitious” ARBs. Covering a larger sample may show an even greater number of persons reported as ARBs but are not really beneficiaries of the program.

By mode of acquisition, two thirds were given lands that were covered under VOS.

Table 10. Number of respondents, by mode of acquisition

Mode of acquisition	Freq	Percent (n=83)
Voluntary offer to sell (VOS)	21	68%
Voluntary land transfer (VLT)	56	25%
Government-owned lands (GO)	3	4%
Undefined program class	1	1%
Information not provided	2	2%

When the respondents were asked if they are the awardee or beneficiary of the land, a majority (82%) affirmed that they are. Respondents who were not awardees mentioned that they acquired the land thru bequest (9 respondents) or the land was sold to him by the former beneficiary (2 respondents). For the affirmed awardees, more than half are holders of individual Certificate of Land Ownership Award (CLOA).

Table 11. Type of CLOA

Type of CLOA	Freq	Percent (n=68)
Individual CLOA	40	59%
Collective CLOA	25	37%
Don't know/don't remember	3	4%

One measure of efficiency of the department is how long it takes for land titles to be processed. One third of the respondents (34%) stated that it took one year for their titles to be awarded to them since they applied. Another third of the respondents (35%) mentioned that their CLOAs have not yet awarded to them. These farmers have already been included in the list of beneficiaries, but still, they do not have security over their lands because their land titles were not yet given to them.

Table 12. Processing time of CLOA

Processing time	Freq	Percent (n 68)
Less than a year	7	10%
One year	23	34%
More than a year but less than 5 years	2	3%
More than 5 years but less than 10 years	2	3%
More than 10 years	4	6%
Data not remembered	6	9%
CLOA not yet awarded	24	35%

Published in 2007 by the Planning Service of the DAR

On another note, 2 respondents affirmed that a survey or mapping was not conducted in their area prior to the awarding of their lands. In addition, 4 respondents who were not living in their awarded lands were apparently not installed. Activities that should have been implemented, such as land mapping and ARB installation, but did not materialize can be translated to inefficient spending of resources.

Finally, more than half of the ARBs (56%) affirmed that they are not paying amortization.

Table 13. Payment of amortization

Payment of amortization	Freq	Percent (n=68)
Paying regularly	27	40%
Paying but not regularly	3	4%
Not paying amortization	38	56%

IV. Conclusions

The pilot testing of the monitoring tools in Compostela Valley has achieved its purpose of validating reported accomplishments of the DAR. Inconsistencies with DAR's data and the actual accomplishments in the province reflect that there were resources spent for other things and not for its true intent. This study's findings also confirmed the findings of 2 audit reports reviewed by the project team (i.e. 2007 Audit Report on DAR and the 2006 Audit Report on the ARF). These 2 reports reveal some inaccurate reporting of DAR of their accomplishments and selected cases of ineffective project implementation.

Attachment A.

List of ARB respondents

No	Municipality	Barangay	Lot no.	CLOA no.	Name of ARB	Name of landowner	Mode*
1	Compostela	Alegria	8297 C	00845501	Charito E. Cortes	Andres Bernados	VOS
2	Compostela	Bagongon	4299 A	00845440	Annabelle I. Tesado	Victoriane Evale	VLT
3	Compostela	Lacab	1327 B	00846428	Malvin L. Malla	RB Tagum, Inc.	VOS
4	Compostela	Lacab	1315	00846352	Avelina A. Figuro	Deogracias Alvarez	VLT
5	Compostela	Mapaca	5939 D	00846432	Marwini Arguelles	Gabriel Arguelles	VOS
6	Compostela	Tamia	2279 C	00879105	Irish Mae E. Embuscado	Antonio Fernandez	VOS
7	Compostela	Mangayon	2817 B	00845413	Pedro M. Allonar	Alberto Allonar	VLT
8	Compostela	Osmeña	1759 A	00879109	Marcelo A. Abao	Davao Fruits Corp.	VOS
9	Compostela	Osmeña	1759 A	00879109	Aurelio D. Aretano	Davao Fruits Corp.	VOS
10	Laak	Kidawa	484	00847023	Evelyn A. Tuyod		VLT
11	Laak	Poblacion	472 C	00818893	Richard S. Nacion	Vicente Nacion	VOS
12	Laak	Poblacion	472 G	00818895	Rogelio N. Romblon	Vicente Nacion	VOS
13	Laak	Longanapan	565	00847059	Rosita C. Aceberos		VLT
14	Laak	Longanapan	518 H	00845553	Romulo G. Tonlay	Petronilo Rosello	VOS
15	Laak	Longanapan	517 D	00845585	Noe L. Montales, Jr.	Melario Rosello	VOS
16	Laak	Longanapan	514 E	00845429	Demetrio C. Catulong	Gomercindo Rosello	VOS
17	Laak	San Antonio	633	00818883	Roberto B. Baquido, Sr.	Inocencio Udarbe, Jr.	VOS
18	Laak	San Antonio	613	00847028	Jerando T. Isidoro	Angelito Ferraris	VOS
19	Maco	Lumatab	5	00845579	Diosdado Y. Inalisan	NA	UPC
20	Maco	Dumlan	10764 B 2	00786766	Jernalyn S. Boctot	Prudencia Sajolan	VLT
21	Maco	Concepcion	7039 B	00786780	Isagani P. Querubin	Andres Querubin	VLT
22	Maco	Panibasan	43 A	00818700	Epefania B. Omega	Fructuosa Camiling	VLT
23	Maco	Limbo	2179 B	00845356	Teresita M. Rosales	Teofilo Acaso	VLT
24	Maco	Dumlan	108	00845424	Mike G. Taverno	Crisanta Boctot	VLT
25	Maragusan	New Albay	677 C 1	00846354	Salvador Talde	Epifanio Mendones	VLT
26	Maragusan	New Albay	677 C 2	00846355	Dolores R. Catorce	Epifanio Mendones	VLT
27	Maragusan	New Albay	617 A 1	00846391	Jerry M. Amaranto	Narciso Amaranto, Sr.	VLT
28	Maragusan	New Panay	919	00846368	Bernardo E. Daanoy	Lemud Daanoy	VLT
29	Maragusan	Pamintaran	1267	00847026	Arlene E. Allawan		VLT
30	Mawab	Nuevo Iloco	173 F	00209503	Asuncion C. Percerga	NA	GO

No	Municipality	Barangay	Lot no.	CLOA no.	Name of ARB	Name of landowner	Mode*
31	Mawab	Nuevo Iloco	173 G	00209505	Jacinto C. Josol	NA	GO
32	Mawab	Nuevo Iloco	145 B	00847049	Manuel B. Estam		VLT
33	Mawab	Andili	81	00209507	Eduardo C. Bungabong	NA	GO
34	Mawab	Andili	83 I	00845278	Vilma N. dela Cruz	Perfecta Quezon	VLT
35	Mawab	Andili	83 B	00845271	Ismael Pr. Corpuz	Perfecta Quezon	VLT
36	Mawab	Concepcion	12168 B	00818682	Renato L. Masiga	Gaudencio Francisco	VLT
37	Mawab	Saosao	4742	00845254	Aquino R. Tambis	Simplicio Tambis	VLT
38	Mawab	Saosao	8398	00845287	Ernesto F. Monta	Juan Monta	VLT
39	Mawab	Saosao	4619 A	00845403	Drexan Y. Refamonte	Apolonio Refamonte	VLT
40	Mawab	Saosao	4619 B	00845404	Ferdinar R. Tambis	Apolonio Refamonte	VLT
41	Mawab	Malinawon	292	00846351	Jason Ray A. Maghuyop	Rosario Maghuyop	VLT
42	Mawab	Tuboran	7923	00847013	Angeliza R. Gura		VLT
43	Mawab	Tuboran	792	00818661	Berbardino S. Baring	Basilio Baring	VLT
44	Mawab	Poblacion	817 E	00847089	Adelina C. Daliva	Felipe Bingil	VOS
45	Monkayo	Baylo	3695	00847202	Roger L. Gentugaya		VLT
46	Monkayo	Poblacion	3227 B	00847062	Dutchie D. Abregoso		VLT
47	Monkayo	Poblacion	3227 H	00847067	Elma C. Diales		VLT
48	Monkayo	Poblacion	3227 I	00847068	Danny Jun D. Albarracin		VLT
49	Monkayo	Poblacion	H V 72293	00846396	Martin A. Navarro	Edilberto Tuazon	VOS
50	Monkayo	Poblacion	2652	00846397	Nemesio G. Lanzaderas	Nilo Tuazon	VOS
51	Monkayo	Poblacion	H V 72292	00846398	Glenn P. Niog	Angelina Tuazon	VOS
52	Monkayo	Pasian	5134	00879104	Melecio C. Sagunod, Sr.	Donato Fabros	VOS
53	Monkayo	Tubo tubo	381 A 3	00845212	Francisco Meroy	Geronimo Meroy	VLT
54	Monkayo	Tubo tubo	381 A 10	00845219	Betty Pelare	Geronimo Meroy	VLT
55	Montevista	Concepcion	805	00845253	Mercy S. Valencia	Juanito Valencia	VLT
56	Montevista	Caman tangan	308	00845389	Evangelina S. Goles	Isidro Goles	VLT
57	Montevista	Poblacion	724	00845390	Eliezer B. de Jesus	Patrocinia de Jesus	VLT
58	Montevista	Tapia	817	00845588	Rosauro F. Espinosa	Legaspi Espinosa	VLT
59	Montevista	Kanidkid	120 C	00818886	Randy T. Tabanao	Norma Ibarrientos	VOS
60	Montevista	Banag banag	1041 C 2 B	00845547	Ricardo R. Antonio		VOS
61	Montevista	San Vicente	12335 B	00845205	Felexmar P. Dagatan	Felixberto Dagatan	VLT
62	Montevista	San Vicente	12349	00845563	Mary Jane U. Bartolaba	Agipina Isugan	VLT
63	Nabunturan	Antiquera	4036	00847096	Roberto M. Abella		VLT

No	Municipality	Barangay	Lot no.	CLOA no.	Name of ARB	Name of landowner	Mode *
64	Nabunturan	Magsaysay	0973-B	00209509	Leonardo G. Macatumbas	NA	GO
65	Nabunturan	Cabacungan	2252	00845450	Henry V. Lamela	Felipe Dasalla	VLT
66	Nabunturan	Pangutusan	093-G	00818877	Marcos G. Saplan	Antonio dela Rama	VLT
67	Nabunturan	Pangutusan	093-E	00818874	Jay Anthony T. Lanoy	Antonio dela Rama	VLT
68	Nabunturan	Anislagan	11610-A-1	00845497	Jeffrey G. Camiso	Corazon Camiso	VLT
69	Nabunturan	Tagnocon	4411-B	00845554	Juanito D. Lumagbas	Leonardo Divinagracia	VLT
70	Nabunturan	New Sibonga	2954-C	00845567	Ma. Glenda Valyn V. Lao	Matias Chispa	VLT
71	Nabunturan	New Sibonga	2752-C	00847011	Araceli T. Astillo	Jose Felisco	VLT
72	Nabunturan	New Sibonga	3128-B	00847033	Nestor N. Conde	Perfecto Reyes	VOS
73	Nabunturan	Ogao	4017	00818679	Casimera B. Ayco	Gaudencia Aleria	VLT
74	Nabunturan	Sasa	3524	00847090	Celsa Abelita	--	VLT
75	Nabunturan	Antiquera	4036-G-1	00847092	Eladio M. Abella	--	VLT
76	Nabunturan	Santa Maria	903-A	00846444	Albert L. Cunado	Espiridion Lupiba	VLT
77	Nabunturan	Santa Maria	903-C	00846446	Florencia M. Ones	Espiridion Lupiba	VLT
78	New Bataan	Magangit	6830-A	00818869	Sernel P. Pagalan	Nemesio Estorba	VLT
79	New Bataan	Magangit	9820-I	00854231	Pedro P. Sambilad, Jr.	Cesario Panorel	VLT
80	New Bataan	Andap	244	00846360	Ranilo J. Remarca	Ireneo Remarca	VLT
81	New Bataan	Cabinuanga n	6716-A	00847014	Maria M. Hurano	--	VLT
82	Pantukan	Poblacion	363-B-55-H	00845240	Katrina A. Ignacio	Southern Cross Plantation Co.	VLT
83	Pantukan	Poblacion	363-B-55-J	00845242	Peter Paul V. Sarenas	Southern Cross Plantation Co.	VLT
84	Pantukan	Poblacion	1-C	00845411	Danny T. Liberio	Francisco Tano	VLT
85	Pantukan	Poblacion	109162	00847027	Emiliano Ardiner	Brokenshire Memorial Hospital	VOS
86	Pantukan	Napnapan	97	00848034	Reynaldo Claudio	Tagalíno Mansaca	VOS
87	Pantukan	Tambongon	6006	00847091	Agustina L. Alavaren	--	VLT
88	Pantukan	Tambongan	853	00848100	Fernando Villaver	Buenaventura Leon	VOS
89	Pantukan	Tagdangua	182329	00818888	Feliciano Incipido	RB Tagum Inc.	VOS
90	Pantukan	Tagdangua	1266-J	00847212	Cristituto R. Camporedondo	--	VLT

* Mode:VLT – Voluntary land transfer
VOS – Voluntary offer to sell
GO – Government-owned lands
UPC – Undefined program class

--Information not provided
NANot applicable

Attachment B.

**Philippine Partnership for the Development of Human Resources in Rural Areas (PhilDHRRRA)
DAR Budget Monitoring Project**

Form No.

SURVEY FOR AGRARIAN REFORM BENEFICIARIES
SURVEY PARA SA MGA BENEPISYARYO NG REPORMANG PANG-AGRARYO

Introduction:

PhilDHRRRA is currently undertaking the DAR Budget Monitoring Project. The project seeks to establish a mechanism for civil society monitoring of the DAR's budget and its utilization at the provincial level. This survey will enable us to gather relevant data from agrarian reform beneficiaries that will be used to monitor budget utilization. We will greatly appreciate your participation in this study. Thank you!

Panimula:

Ang PhilDHRRRA ay kasalukuyang isinasagawa ang isang proyekto ukol sa pag-monitor sa budget ng DAR. Ang proyekto ay naglalayong bumuo ng isang mekanismo para i-monitor ang budget ng DAR ng civil society hanggang sa lebel ng probinsiya. Sa pamamagitan ng survey na ito ay makapangalap kami ng mga kinakailangang datos mula sa mga benepisyaryo ng repormang pang-agraryo na magagamit sa pag-monitor ng paggugol ng budget. Maraming salamat sa inyong pakikiisa!

I. RESPONDENT'S BASIC INFORMATION *Pangunahing impormasyon ukol sa respondent*

Name of respondent:

Pangalan ng respondent

Barangay:

Barangay

Municipality:

Munisipalidad

Province:

Probinsiya

Contact nos:

Mga numerong maaaring tawagan

II. LAND ACQUISITION AND DISTRIBUTION (LAD) Pagbili at pagbabahagi ng lupa

1. Are you the awardee/beneficiary of this land? Ikaw ba ang benepisyaryo/sa iyo ba inaward ang lupang ito?

- Yes (Answer the next questions) *Oo (Sagutin ang susunod na mga tanong)*
 No (Proceed to #8) *Hindi (Pumunta sa #8)*

2. What type of land title do you have? *Anong uring titulo ng lupa ang ibinigay sa iyo?*

- Individual CLOA *Sarili/indibidwal na CLOA* Collective CLOA *Pang-grupong CLOA*
 Emancipation Patent (EP)

3. When did you apply for your land title? (Month/Year) *Kelan ka nag-apply para sa titulo ng iyong lupa?*
(Buwang/Taon)

4. When was the land title awarded to you? (Month/Year) *Kelan ibinigay/inaward sa iyo ang titulo ng iyong lupa?*
(Buwang/Taon)

5. Was mapping or survey conducted prior to the awarding of this land? *Meron bang isinagawang pagsukat ng iyong lupa bago ito ibinigay sa iyo?* Yes *Meron* No *Wala* Don't know/Don't remember *Hindi alam/ hindi matandaan*

6. Are you living in the land prior to the awarding of this land? *Ikaw ba ay nakatira na sa lupang ito bago pa ibinigay sa iyo ang titulo nito?*

- Yes *Oo* No *Hindi*

Were you installed in the awarded land? *Ikaw ba ay inilipat ng gobyerno sa lupang ito?*

- Yes *Oo* No *Hindi*

7. Are you paying your amortization? *Ikaw ba ay nagbabayad ng buwanang amortization?*

- Yes, I am regularly paying *Oo, ako ay regular na nagbabayad*
 Yes, but not regularly *Oo, pero hindi regular ang aking pagbabayad*
 No, I am not paying any amortization *Hindi ako nagbabayad*

8. How did you acquire this land? *Paano mo nakuha ang lupang ito?*

- Given to me by my relative as bequest *Ibinigay sa akin ng kamag-anak ko bilang mana*
- This land was sold to me by the owner *Ang lupang ito ay ibinenta sa akin ng may-ari*
- This land was mortgaged to me by the owner *Ang lupang ito ay isinangla sa akin ng may-ari*
- Other reason *Iba pang rason:*

9. Other comments/observations on the respondent or the land *Iba pang komento/ obserbasyon patungkol sa respondent o sa lupa*

Name of monitor:

Pangalan ng monitor

Organization:

Organisasyon

Date accomplished:

Petsa ng pagsagot

Attachment C.

Philippine Partnership for the Development of Human Resources in Rural Areas (PhilDHRR)

DAR Budget Monitoring Project

Form No.

MONITORING FORM: FARM-TO-MARKET ROADS
MONITORING FORM: MGA LANSANGAN/DAAN

I. BASIC INFORMATION PANGUNAHING IMPORMASYON

Barangay: <i>Barangay</i>	Municipality: <i>Munisipalidad</i>	Region: <i>Rehiyon</i>	Province: <i>Probinsiya</i>
Name of road project: <i>Pangalan ng lansangan</i>		Road length: <i>Sukat ng lansangan</i>	
Fund source: <i>Pinagmulan ng pondo</i>		Project cost: <i>Halaga ng proyekto</i>	

II. PROJECT SPECIFICATIONS PAGLALARAWAN SA PROYEKTO

1. Is the road project in the site? *Ang lansangan ba ay kasalukuyang nariyan?*
 Yes; If yes, answer #2-5 *Oo; Kung oo, sagutin ang #2-5*
 No; If no, answer #6 *Hindi; Kung hindi, sagutin ang #6*

2. What type of road is it? *Anong uring lansangan ito?*
 Portland cement concrete pavement *Sementong konkreto*
 Asphalt concrete pavement *Aspaltong konkreto*
 Gravel surface *Graba*
 Earth surface *Lupa*

3. Is the road under construction or already in use/passable? *Ang lansangan ba ay ginagawa o nagagamit/nadadaan na?*
 Under construction *Kasalukuyang ginagawa*
 In use/passable *Nagagamit/nadadaan na*

4. What is the present condition of the road? (Check one) *Ano ang kasalukuyang kondisyon ng lansangan? (Isa lamang ang i-tsek)*

Type of road <i>Uri ng lansangan</i>	Good condition <i>Mainam/mabuting kondisyon</i>	Fair condition <i>Katamtamang kondisyon</i>	Bad condition <i>Masamang kondisyon</i>
Portland cement concrete / Asphalt concrete pavement <i>Semento/Aspaltong konkreto</i>	<input type="checkbox"/> Smooth surface, no major cracks, less patched areas (good riding quality) <i>Makinis ang daan, walang bitak sa semento/aspalto, wala o kaakaunting tapal sa daan</i>	<input type="checkbox"/> Some surface irregularities (cracks, potholes and less patched areas) <i>May mga irregularidad sa daan (bitak, butas/lubak, ilang mga tapal sa daan</i>	<input type="checkbox"/> Severely cracked road surface, corrugation, potholes, and ruts <i>Lubhang maraming bitak, butas/lubak, at mga tapal sa daan</i>

Type of road Uri ng lansangan	Good condition Mainam/mabuting kundisyon	Fair condition Katamtamang kundisyon	Bad condition Masamang kundisyon
Gravel surface Graba	<input type="checkbox"/> Well graded gravel, well defined cross falls and adequate side drains <i>Patag ang graba, maayos at pantay pantay ang ibabaw ng daan</i>	<input type="checkbox"/> Presence of loose gravel and minor depressions on the surface <i>May mga kalat na graba, hindi patag ang ilang bahagi ng daan, may ilang parte na mababa o nakalubog</i>	<input type="checkbox"/> Aggregates accumulate along the roadside, major depressions on traveled way and presence of sizeable potholes <i>May malalaking bahagi ng graba na naipon sa gilid ng daan, malaking bahagi ng daan ay nakalubog o mababa, may mga malalaking butas/lubak</i>
Earth surface Lupa	<input type="checkbox"/> Well compacted earth surface <i>Patag o siksik ang lupa, patag ang daan</i>	<input type="checkbox"/> Loose earth sediments and depressions on traveled way <i>May mga kalat na lupa, hindi patag, mababa o nakalubog ang ilang bahagi</i>	<input type="checkbox"/> Presence of Heavy depressions along traveled way <i>Malaking bahagi ay mababa o nakalubog, hindi patag ang lupa, may mga butas/lubak</i>

5. Do you have any other observations with this road project? (After answering, proceed to the end of the form) *Meron ka bang iba pang obserbasyon sa lansangan ito? (Pagkatapos sagutin ang tanong na ito, pumunta na sa dulo ng form)*

2. What is the current use of the site where the road project should be?
Ano ang kasalukuyang paggamit o nariryan sa lugar kung saan dapat ay may daan o lansangan?

* Take a photograph of the road. If the road is not there, take a photograph of what is currently in place. Place the date when the picture was taken. *Kunan ng litrato ang lansangan/ daan. Kung ang lansangan/ daan ay wala doon, kunan ng litrato kung ano ang naroroon. Isulat sa likod ng litrato ang petsa kung kelan ito kinunan.*

Name of monitor:
Pangalan ng monitor
 Organization:
Organisasyon

Date accomplished:
Petsa ng pagsagot

Attachment D.

**Philippine Partnership for the Development of Human Resources in Rural Areas (PhilDHARRA)
DAR Budget Monitoring Project**

Form No.

**MONITORING FORM: POST HARVEST FACILITIES
MONITORING FORM: MGA PASILIDAD NA GINAGAMIT SA ANI**

I. BASIC INFORMATION PANGUNAHING IMPORMASYON

Barangay: <i>Barangay</i>	Municipality: <i>Munisipalidad</i>	Region: <i>Rehiyon</i>	Province: <i>Probinsiya</i>
Type of post harvest facility: <i>Uri ng pasilidad</i>			
Warehouse <i>Bodega o imbakan</i>	(Capacity Kapasidad:)	
Multi purpose <i>pavement Palitada</i>	(Size Suikat:)	
Tractor <i>Traktora</i>	(Type Uri:)	
Corn/rice mill <i>Gilingan</i>	(Capacity Kapasidad:)	
Fund source: <i>Pinagmulan ng pondo</i>	Project cost: <i>Halaga ng proyekto</i>		

II. PROJECT SPECIFICATIONS PAGLALARAWAN SA PROYEKTO

1. Is the facility present? *Ang pasilidad ba ay kasalukuyang narayan?*
 Yes; If yes, answer #2-4 *Oo; Kung oo, sagutin ang #2-4*
 No; If no, answer #5 *Hindi; Kung hindi, sagutin ang #5*

2. Are there any observed defects? *Meron bang mga kapuna-punang depekto o kasiraan ang mga pasilidad?*
 Yes; If yes, fill in the table below *Meron; Kung meron, punan ang talaan sa ibaba*
 No *Wala*

<i>Type of post harvest facility Uri ng pasilidad</i>	<i>Description of defects observed Paglalarawan sa mga kapuna punang depekto</i>

3. Is the facility functional? *Ang pasilidad ba ay gumagana o nagagamit?*
 Yes *Oo* No *Hindi* Why not? *Bakit hindi?*

4. Do you have any other observations with the facilities? (After answering, proceed to the end of the form) *Merong ka bang iba pang obserbasyon sa lansangang ito? (Pagkatapos sagutin ang tanong na ito, pumunta na sa dulo ng form)*

5. What is the current use of the site where the facility should be?
Ano ang kasalukuyang paggamit o nariryan sa lugar kung saan dapat ay may pasilidad?

* Take a photograph of the facility. If the facility is not there, take a photograph of what is currently in place. Place the date when the picture was taken. *Kunan ng litrato ang pasilidad. Kung ang pasilidad ay wala doon, kunan ng litrato kung ano ang naroroon. Isulat sa likod ng litrato ang petsa kung kelan ito kinunan.*

Name of monitor:

Pangalan ng monitor

Organization:

Organisasyon

Date accomplished:

Petsa ng pagsagot

Attachment E.

**Philippine Partnership for the Development of Human Resources in Rural Areas (PhilDHARRA)
DAR Budget Monitoring Project**

Form No.

MONITORING FORM: COMMUNAL IRRIGATION PROJECTS
MONITORING FORM: MGA PROYEKTONG PANG-IRIGASYON

I. BASIC INFORMATION PANGUNAHING IMPORMASYON

Barangay: _____ Municipality: _____ Region: _____ Province: _____
Barangay Munisipalidad Rehiyon Probinsiya
 Name of irrigation project: _____ Size/length of irrigation: _____
Pangalan ng proyektong pang-irigasyon Sukat ng irigasyon
 Name of Irrigators Association in charge: _____
Pangalan ng asosasyon na nangangalaga sa irigasyon
 Fund source: _____ Project cost: _____
Pinagmulan ng pondo Halaga ng proyekto

II. PROJECT SPECIFICATIONS PAGLALARAWAN SA PROYEKTO

1. Is the communal irrigation project in the site? *Ang proyektong pang-irigasyon ba ay kasalukuyang nariyan?*
 Yes; If yes, answer #2-5 *Oo; Kung oo, sagutin ang #2-5*
 No; If no, answer #6 *Hindi; Kung hindi, sagutin ang #6*
2. What type of irrigation is it? *Anong uring irigasyon ito?*
 Rainwater harvesting project (ex. small water impounding project or SWIP) *Irigasyon na nag-iipon ng tubig ulan*
 Small farm reservoir (SFR) *Imbakan ng tubig para sa maliit na sakaban*
 Diversion dam *Dam/patubigan*
 Shallow tube well *Irigasyon na gumagamit ng mga tubo*
3. Is the irrigation under construction or already in use/functional? *Ang irigasyon ba ay kasalukuyang ginagawa o nagagamit na?*
 Under construction *Kasalukuyang ginagawa*
 In use/functional *Nagagamit na*
4. What is the present condition of the irrigation system? (Check one) *Ano ang kasalukuyang kundisyon ng irigasyon? (Isa lamang ang i-tsek)*

Type of irrigation <i>Uri ng irigasyon</i>	Good condition <i>Mainam / mabuting kundisyon</i>	Fair condition <i>Katamtamang kundisyon</i>	Bad condition <i>Masamang kundisyon</i>
Rain water harvesting project/Small farm reservoir <i>Irigasyon na nag-iipon ng tubig ulan/imbakan ng tubig para sa maliit na sakaban</i>	<input type="checkbox"/> Water flows unobstructed to the whole farm land; Walls are high enough to impound water <i>Tuloy tuloy ang daloy ng tubig sa buong sakaban; Sapat ang taas ng pader o mga gilid para makaipon o makaimbak ng tubig</i>	<input type="checkbox"/> There is water flowing from the farmland but there are portions that are not reached; some debris (ex. weeds, stones) are present in the canals; presence of soil erosion in some part. <i>May tubig na dumadaloy sa sakaban pero may mga bahagi na hindi naabot ng tubig; may mga kalat o dumi (bal. mga damo, bato) sa mga kanal; may mga bahagi ng pader o gilid ng imbakan kung saan ang lupa ay gumulo na</i>	<input type="checkbox"/> Water is obstructed from flowing to the farmland due to the presence of debris irregular/incomplete construction of slopes and canals; rampant soil erosion <i>Nababarangan ang pagdaloy ng tubig ng mga dumi o kalat; hindi maayos o hindi pa tapos ang paglulubukay ng mga kanal; malaking bahagi ng pader o mga gilid ng imbakan ng tubig ay gumulo na</i>

Type of road <i>Urin ng lansangan</i>	Good condition <i>Mainam / mabuting kundisyon</i>	Fair condition <i>Katamtamang kundisyon</i>	Bad condition <i>Masamang kundisyon</i>
Diversion dam <i>Dam/patubigan</i>	<input type="checkbox"/> The facility is functional and there is no obstruction in water flow <i>Ang dam ay gumagana at walang sumasagabal sa pagdaloy ng tubig</i>	<input type="checkbox"/> Some water overflows in the dam; there are some observed cracks in the dam walls <i>May babagi ng dam kung saan ang tubig ay umaapaw; may mga kapansin pansing mga lamat o bitak sa pader ng dam</i>	<input type="checkbox"/> Water overflows and the dam is not functioning properly; a large portion of the dam walls are cracked; the construction is incomplete. <i>Umaapaw ang tubig at ang dam ay hindi gumagana ng maayos; malaking babagi ng pader ng dam ay may mga lamat o bitak; hindi tapos ang pagkakagawa sa dam</i>
Shallow tube well <i>Irigasyon na gumagamit ng mga tubo</i>	<input type="checkbox"/> Water is distributed efficiently to all parts of the farmland; there are no holes or clogs in the pipes/tubes; the length of the tubes are sufficient <i>Ang tubig ay maayos na dumadaloy sa lahat ng bahagi ng sakabán; walang mga butas o bara ang mga tubo; tama ang haba ng mga tubo</i>	<input type="checkbox"/> Water is not distributed in all areas; some of the pipes are dogged; some pipes are not correctly installed or too short <i>Hindi dumadaloy ang tubig sa ibang bahagi ng sakabán; may ilang mga tubo na barado; may ilang mga tubo na hindi tama ang pagkakalagay o maikési</i>	<input type="checkbox"/> There is no water coming out from the pipes/tubes; There are holes or clogs in majority of the pipes <i>Walang tubig na dumadaloy mula sa mga tubo; may mga butas o bara sa karamihan ng mga tubo</i>

5. Do you have any other observations with this irrigation project? (After answering, proceed to the end of the form)

Meron ka bang iba pang obserbasyon sa proyektong pang-irigasyong ito? (Pagkatapos sagutin ang tanong na ito, pumunta na sa dulo ng form)

6. What is the current use of the site where the irrigation should be?

Ano ang kasalukuyang paggamit o nariryan sa lugar kung saan dapat ay may irigasyon?

* Take a photograph of the communal irrigation system. If the irrigation system is not there, take a photograph of what is currently in place. Place the date when the picture was taken. . *Kunan ng litrato ang proyektong pang-irigasyon. Kung ang proyektong pang-irigasyon ay wala doon, kunan ng litrato kung ano ang naroroon. Isulat sa likod ng litrato ang petsa kung kelan ito kinunan.*

Name of monitor:

Pangalan ng monitor

Organization:

Organisasyon

Date accomplished:

Petsa ng pagsagot

ATTACHMENT F.

Pictures and observations on support services projects

Farm-to-Market Roads

1. Purok 3 – Macopa Road

Type of road:	Cemented pavement (portions), Gravel surface (portions)
Road length:	3.52 kms.
Project cost:	PhP 10,080,052
Field monitor's observations:	There are portions of the road that are cemented. The barangay allots funds for the maintenance of the road. The residents of the barangay ensure roadside cleanliness.
Date picture was taken:	26 December 2008



2. Magtagoktok – Ceboleda Road

Type of road: Gravel surface
Road length: 7.03 kms.
Project cost: PhP 10,719,163
Field monitor's observations: There are portions of the road with potholes. This may be due to heavy rains that washed away the gravel.
Date picture was taken: 27 December 2008



3. Macopa Proper – Sitio Linumbaan Road

Type of road: Gravel surface
Road length: 2.08 kms.
Project cost: PhP 2,343,506
Field monitor's observations: There are portions of the road with potholes. This may be due to heavy rains that washed away the gravel.
Date picture was taken: 26 December 2008



Multi-Purpose Pavements

1. Sitio New Cebu Multi-Purpose Pavement

Size: 400 sq. m.
Project cost: PhP 289,000
Field monitor's observations: The pavement is currently used. The actual size of the pavement conforms to the stipulated size in the project documents of DAR.
Date picture was taken: 26 December 2008



2. Barubo Multi-Purpose Pavement

Size: 400 sq. m.
Project cost: PhP 274,839
Field monitor's observations: No fee is charged for the use of the pavement. The barangay is still waiting for the result of the tax ordinance regarding user's fee.
Date picture was taken: 27 December 2008



3. Sitio Old Laak 1 Multi-Purpose Pavement

Size: 400 sq. m.
Project cost: PhP 289,000
Field monitor's observations: The construction of the pavement was finished just recently. It was not fully utilized because the farmers just changed the crop they are planting, from corn to sweet potato ("camote").
Date picture was taken: 27 December 2008



4. Sitio Upper San Roque Multi-Purpose Pavement

Size: 400 sq. m.
Project cost: PhP 289,000
Field monitor's observations: The use of the pavement was not fully utilized because the farmers just changed the crop they are planting, from corn to sweet potato ("camote"). There are observed cracks in the middle of the pavement.
Date picture was taken: 27 December 2008



5. Lower Macopa Multi-Purpose Pavement

Size: 400 sq. m.
Project cost: PhP 289,000
Field monitor's observations: The location of the pavement is far from the farmlands. There is a road beside the pavement.
Date picture was taken: 26 December 2008



6. Sitio Tabon Multi-Purpose Pavement

Size: 400 sq. m.
Project cost: PhP 289,000
Field monitor's observations: There is a road beside the pavement. The base of the pavement is not fully constructed.
Date picture was taken: 10 January 2009



7. Sitio Baugo Multi-Purpose Pavement

Size: 400 sq. m.
Project cost: PhP 288,800
Field monitor's observations: The use of the pavement is free of charge if the user is within the "purok". The actual size of the pavement is less than the stipulated size in the DAR documents. There are cracks in the middle of the pavement.
Date picture was taken: 27 December 2008



8. Sitio Tugpahan Multi-Purpose Pavement

Size: 400 sq. m.
Project cost: PhP 289,000
Field monitor's observations: The pavement is also used as a basketball court.
Date picture was taken: 10 January 2009



9. Purok 14 Multi-Purpose Pavement

Size: 400 sq. m.
Project cost: PhP 274,839
Field monitor's observations: The pavement is not present in the site. The residents said that the project was transferred to Purok 13 because they don't have crops to dry under the sun. But they are not sure if the pavement was indeed constructed in Purok 13. Instead of a pavement, a Purok Center was in the site.
Date picture was taken: 26 December 2008



9. Sitio Old Laak 2 Multi-Purpose Pavement

Size: 400 sq. m.
Project cost: PhP 274,839
Field monitor's observations: The pavement is not present in the site. A vacant land can be found in the site where the pavement should be constructed.
Date picture was taken: 10 January 2009

