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Open Government and Budgeting: Their Role in Poverty Reduction in the Philippines

May 27, 2013

OPEN GOVERNMENT PARTNERSHIP



- In September 2011, the Philippines signed the Open Government Declaration
- Joined Brazil, Indonesia, Mexico, Norway, Philippines, South Africa, United Kingdom and the United States
- Since then 47 additional governments have joined
- Secures concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance

PHILIPPINE COMMITMENTS

- Characterized its participation as the institutionalization of People Power in governance in order to ensure direct, immediate and substantial benefits for the poor
- Mandate given to the President whose main agenda is *“kung walang corrupt, walang mahirap”* (if there is no corruption, there will be no poor)

PHILIPPINE ACTION PLAN

Transparency	Citizen Participation	Public Accountability	Technology and Innovation
Mandatory disclosure of budget information	Participatory budgeting	Results-based fiscal management (ZBB, OPIF)	Electronic procurement (expansion of the EPS)
Transparency in local governance	Budget in people's language	Citizen's charters	Digitizing congressional allocations
	Civil society monitoring of public works	Revenue integrity	Online avenues for public feedback (i.e. Pera ng Bayan)
	Partnerships for social accountability (monitoring of CCT)	Performance challenge for local government (add'l funding support for performers)	

SOME RELEVANT FACTS

- The President abolished the Presidential Anti-Graft Commission
- Department Secretaries have become the stalwarts for government reforms
- Organized into clusters (EO 43 s. 2010), one of which is the Governance and Anti-Corruption Cluster
- The DBM has become a major player in this area

BUDGET APPROACH

- Aggregate fiscal discipline (spending within means);
- Allocative efficiency (spending on the right priorities)
- Operational efficiency (spending with value-for-money)
- Constant reference to poverty reduction

WHY IS POVERTY REDUCTION IMPORTANT

- GDP growth
 - 2006 - 5.2; 2007 - 7.1; 2008 - 4.1; 2009 - 1.1; 2010 - 7.7; 2011 - 3.7; 2012 - 6.6
- Poverty incidence estimated to be at 27.9 during the first semester of 2012 (FIES)
- Has not significantly changed since 2006 and 2009 when poverty incidence was at 28.8 and 28.6, respectively (FIES)

HUNGER RATES

- March 19 to 22, a total of 3.9 million Filipino families have experienced hunger (SWS)
- Despite a decline in self-rated poverty from 54 percent in December 2012 to 52 percent in March 2013 (SWS)
- Moderate hunger rates are higher than their 14-year average in all areas
- Severe hunger rates were highest in Mindanao at 6.7 percent and still above the 14-year average in Balance Luzon and the Visayas

TRANSPARENCY SEAL

- Starting 2012, the GAA required all national government agencies to maintain a “transparency seal” to be posted on the agencies’ official websites
- The seal needs to contain the agency’s mandates and functions, names of its officials with their position and designation, and contact information; annual reports for the last three (3) years; respective approved budgets and corresponding targets immediately upon approval of the Act; major programs and projects categorized in accordance with the five key result areas under EO 43; program/projects beneficiaries as identified in the applicable special provisions; status of implementation and program/project evaluation and/or assessment reports; and annual procurement plan, contracts awarded and the name of contractors/suppliers/consultants

CSO PARTICIPATION IN BUDGET PREPARATION

- DBM issued guidelines on partnership with civil society organizations and stakeholders in the execution of agency budgets (March 2012)
- Carried out in 6 departments and 3 GOCCs in the preparation of the 2012 national budget and in 12 departments and 6 GOCCs in the preparation of the 2013 national budget
- Partnership to “make the national budget more responsive to the country’s development needs and to alleviate poverty and improve the quality of public services”

BOTTOM-UP PLANNING AND BUDGETING

- DBM, together with DILG, DA, DSWD and NAPC, issued a Joint Memorandum Circular providing for “policy guidelines and procedures in the implementation of bottom-up planning and budgeting for the FY 2013 budget preparation
- An approach to formulating the budget proposals of agencies, taking into consideration the development needs of poor cities/municipalities as identified in their respective local poverty reduction action plans to be formulated with strong participation of basic sectors and civil society organizations

BOTTOM-UP PLANNING AND BUDGETING

- Intention to ensure the inclusion of the funding requirements for the development needs of at least selected focus “poor” LGUs in the budget proposals of participating national government agencies
- A total of 593 out of the 609 focus “poor” cities and municipalities participated in the budget cycle for 2013
- Allocation of P8.4 billion in the 2013 national budget; expected to increase P20 billion in 2014 to cover 1,223 poor cities and municipalities

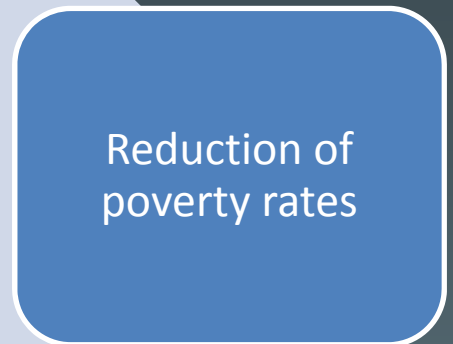
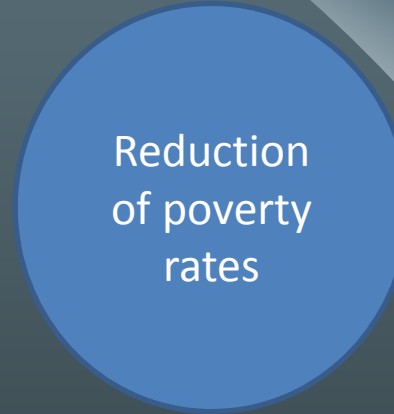
SOME GOOD NEWS

- In Survey of Enterprises on Corruption (SWS), the President and many of the national government agencies, including the DBM, got very high to moderate sincerity ratings, radical improvement from 2009
- In the CPI released by the Transparency International in 2012, the Philippines was ranked 104th, outranking 10 countries previously ranked better, including neighbors Indonesia and Vietnam

SOME GOOD NEWS

- In the Global Competitiveness Report of the World Economic Forum, the Philippines again jumped 10 notches higher in 2012 following a similar 10-notch jump in 2011; improved in 9 out of the 10 categories and improved the most in the “public institutions” category
- The Philippines under the Aquino administration has received a total of 12 positive credit actions; recently, the country acquired investment grade status after an upgrading of its credit rating by 2 of the 3 major credit rating institutions

ASSUMPTIONS



AREAS FOR FUTURE RESEARCH

- Will civil society participation in the preparation of the national budget result to improved quality and make it more responsive?
- Will civil society participation in the execution of the national budget improve delivery of public services (i.e. civil society monitoring of infra, conditional cash transfer)?
- Will transparency and citizen participation in the budget process ultimately contribute to reducing poverty?

LESSONS AT THIS POINT

- The DBM has turned out to be an effective organization in promoting reforms in government mainly because of its power over the budget (i.e. tying up the performance incentives bonus to governance conditions including the transparency seal)
- For civil society participation in the budget preparation, there is a need to prepare/enhance the capabilities of CSOs to meaningfully participate in the process

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THANK YOU.