



THE PRESIDENT'S BUDGET MESSAGE

FISCAL YEAR 2013

“PAGGUGOL NA MATUWID: ATAS NG TAUMBAYAN”

Paggugol na Matuwid: Atas ng Taumbayan

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Message
of His Excellency Benigno S. Aquino III
President of the Philippines
to the Fifteenth Congress of the Philippines
on The National Budget for 2013

July 24, 2012

Ladies and Gentlemen of the 15th Congress of the Philippines:

By the mandate vested upon me by the sovereign will of the Filipino people, I have the honor to submit to you, through the President of the Senate and the Speaker of the House of Representatives, the proposed National Budget for 2013.

THE PEOPLE'S CLAMOR FOR REFORM

This Budget is the national government's blueprint of expenditures and sources of financing for the year 2013. It spells out the costs of government's plans and operations for the entire fiscal year. More than that, however, crafted by a government that firmly believes that its sole purpose is to serve its true bosses—the Filipino people—this budget is the embodiment of our people's collective hopes and desires.

These past two years, we have remained conscious of the budget's role in advancing our national agenda; and we have achieved historic feats. In 2011 and 2012, the men and women of this Congress acted with diligence and urgency in enacting the National Budgets. In fact, the General Appropriations Act of 2012 was the earliest enacted budget



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since our countrymen restored true democracy in 1986. For this, and for your support to our development agenda as funded by those budgets, I congratulate and thank you.

As we move forward along the straight and righteous path, we have continuously planted and nurtured the seeds of reform with the annual Budgets enacted under this Administration. We have prioritized the people's most urgent needs in order to genuinely and efficiently address poverty and inequality. We have worked tirelessly to ensure that public funds are managed judiciously and with minimum waste. We have fostered a new culture of openness, transparency, and participation in the budget process, and throughout the bureaucracy. Using the Budget, we have successfully worked to reinforce the foundations on which our public institutions are built—we have made them less prone to corruption, more results-driven, and, ultimately, more deserving of our bosses' trust.

Malinaw ang Atas ng Taumbayan: siguruhin na ang bawat piso ay nagagamit nang tama at nagdudulot ng makabuluhang benepisyo sa kanilang buhay. Atas nila ang pagtahak sa landas tungo sa paggugol na matuwid sa kaban ng bayan. Wala silang ibang inaasahan sa atin kundi siguruhing direktso sa karaniwang tao ang pakinabang, hindi sa bulsa ng iilan sa poder.



THE EMPOWERMENT BUDGET OF 2013

On behalf of your constituents, I ask you to examine and thereafter approve this proposed P2.006-trillion National Budget for 2013.

This proposed Budget is 10.5 percent higher than this year's budget of P1.816 trillion. The expenditure program is consistent with our macroeconomic and fiscal aspiration for the next fiscal year and in the medium-term. Above that, this budget is a crucial step in our continuing pursuit of good governance—governance that will give our impoverished countrymen the opportunity to lift themselves out of their situations; governance that will ensure that this country moves forward together. The idea has been clear from day one: *Kung walang corrupt, walang mahirap.*

We can succeed in this goal only if government continues to empower the people. This means enabling them to take control of their own lives. It means listening to them intently, and consulting with them as regards the services that affect their day-to-day lives. It means recognizing their power over their own government. It means giving them back that power, and, together with them, shaping the destiny of our nation.

This is why we have crafted a **budget of empowerment.**

This Budget pursues empowerment by creating more opportunities for public participation in governance. It invests significantly in the people's capabilities by prioritizing funding



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for public services that provide jobs, educate our youth, ensure a healthier citizenry, and empower each Filipino to participate in economic activity.

Needless to say, this is not a budget that government crafted in an enclosed room that will work only for the benefit of a select few; this is the budget that the Filipino people entrusted to us; and this is the budget that will be the framework of our efforts to give our people a government that truly works for them. With that, let me share with you the principles and strategies that guided us in crafting this budget.

Greater and Deeper Commitment to the Social Contract

This Administration stands by the Social Contract we forged with the Filipino People back in 2010. The proposed Budget for 2013 proves our solid commitment to fulfill the Social Contract.

This Social Contract has been fleshed out in the Philippine Development Plan for 2011 to 2016 and has been operationalized by Executive Order No. 43, which defines the five Key Result Areas (KRAs) of the Social Contract:

1. Transparent, Accountable, and Participatory Governance;
2. Poverty Reduction and Empowerment of the Poor and Vulnerable;
3. Rapid, Inclusive, and Sustained Economic Growth;
4. Just and Lasting Peace and the Rule of Law; and
5. Integrity of the Environment and Climate Change Adaptation and Mitigation.



In crafting the proposed Budget for 2013, we prioritized the allocation of public funds through the **Program Budgeting Approach**, which we used for the first time to maximize the benefit of all government endeavors to the Filipino people.

Program Budgeting helped us plan our budget according to the strategic objectives of government, and in a manner that is based on results. Through this approach, we have identified a number of strategic programs within our Key Result Areas that will have a positive, tangible impact on the lives of our people, and should receive priority funding.

For Poverty Reduction, we focused on the following programs: the *Pantawid Pamilyang Pilipino Program (4Ps)*, which will give our least fortunate families income lifelines; the Housing Program, which will give those living in danger zones new, permanent homes where they can stay and earn a decent, dignified living; and finally, programs that will ensure that our people will be given the opportunity to pursue their goals in life, namely the Basic Education Program and the Universal Health Care Program.

For Rapid, Inclusive, and Sustained Economic Growth, we are pushing forward tourism development; food self-sufficiency; electrification, road and transportation upgrades; and the promotion of small and medium scale industries. We are also laying down the groundwork to accelerate our Public-Private Partnership program with regard to strategic infrastructures.



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Through Program Budgeting, we are likewise intensifying the level at which our departments and agencies coordinate, cooperate, and collaborate. Without doubt, this will allow us to fulfill our Social Contract with the Filipino People sooner rather than later.

Dapat nang wakasan ang manipis at hiwa-hiwalay na pagtugon sa kahirapan at iba pang suliranin ng ating lipunan. Panahon na para pagbuklurin ang ating lakas.

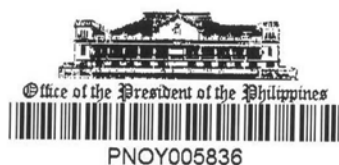
To complement the Program Budgeting Approach, we have continued using the **Zero-Based Budgeting** approach to make certain that we are funding programs that are both efficient and will be felt by Filipinos in their daily lives.

Limitado ang kaban ng ating bayan. Dapat siguruhin na ang bawat piso ay nagagamit nang tama, at hindi nasasayang, para sa mga programang may tuwiran, agaran at makabuluhang pakinabang sa mamamayan, lalo na sa mga mahihirap.

Accelerated Completion of Priority Program Targets

To ensure the swift fulfillment of our Social Contract, we have adopted policy measures to help national agencies accelerate their completion of priority program targets.

We have designated the **Department of Public Works and Highways (DPWH)** as the **principal infrastructure agency**. This means that they will take charge of the timely implementation of critical infrastructure projects, including roads and bridges, classrooms, rural health facilities, farm-



to-market roads, bridges for agrarian reform communities and tourism access roads, as well as other projects identified in the master plans of departments tasked with the primary provision of these infrastructures: the Departments of Education (DepEd), Health (DoH), Agriculture (DA), Agrarian Reform (DAR) and Tourism (DoT).

The Department of Public Works and Highways has already reformed its procurement processes, project specification standards, and cost structures. It has also established digital solutions to enable public access to information on infrastructure projects. With these, the DPWH is now more equipped to undertake project design, cost review, procurement, and the supervision of infrastructure projects for other government agencies.

We know what Secretary Rogelio Singson and the DPWH are capable of; and we are confident that the P409.8 billion we have set aside for infrastructure outlays, including GOCC allocation, will be used for the right projects, at the right cost, and with the right quality, all of which will be delivered right on time.

Through this arrangement, we are certain that the DPWH will empower our Line Agencies, and allow them to focus on fulfilling their core mandates.

The DAR, for example, will be able to focus more on implementing Land Acquisition and Distribution, so that they can successfully complete the Comprehensive Agrarian Reform Program Extension with Reforms by 2014.



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Instead of worrying about the classroom shortage, our Department of Education will be able to focus on improving literacy and other areas under our Millennium Development Goals (MDGs). They will also be able to make certain that the K-12 program remains effective.

The DoH can likewise concentrate on the delivery of primary healthcare services for the less fortunate, and on the universal healthcare insurance coverage of all poor households in the two lowest quintiles by 2013.

Finally, the Department of Social Welfare and Development (DSWD) can fully focus on ensuring the coverage and the compliance of the 3.8 million households under our conditional cash transfer program.

We have to utilize our funds in a manner that is faster and more efficient, so that we can accomplish our critical programs and projects ahead of time, if possible. This is why I instructed the Department of Budget and Management (DBM) to set up a system for **closer performance monitoring**. We will be deploying Account Management Teams (AMTs) to nine major departments, initially: DPWH, DepEd, DoH, DSWD, DAR, DA, DoTC, DND, and DILG. They will be closely monitoring the financial and physical performance of these departments, and compare them against their schedules of work plans, targets, and budget execution documents.



Strengthening Government Accountability to Perform

We envision the National Budget to continue being an instrument of strengthening the accountability of all public institutions. This will allow us to raise the standards of integrity in governance, and, more than that, to raise the benchmarks of performance as well. *Pagdating sa paggugol ng kaban ng bayan, ang bawat piso ay dapat may tuwiran at nasusukat na resulta.*

Our proposed Budget for 2013 deepens our **performance budgeting and performance management** system. Right now, our performance management system in government is unacceptably fragmented. It has caused much confusion among agencies, and has had them needlessly complying with redundant requirements. At worst, it has allowed an attitude of accountability avoidance in certain public institutions. *Ito po ang kadalasan nating nirereklamo na kultura ng turuan at "hindi ko responsibilidad 'yan." Kailangan natin itong tapatan ng isang kultura ng pananagutan.*

To remedy this, I issued Administrative Order No. 25—“Creating an Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems.” This Task Force—led by the DBM and the Office of the Executive Secretary—will streamline and simplify all existing monitoring and reporting requirements and processes into a single Results-Based Performance Management System (RBPMS). This will entail the development of a Common Set Performance Scorecard as well as a Government Executive Information System.



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I also instructed the DBM to deepen its implementation of its Organizational Performance Indicator Framework—a budget accountability tool that links the budgets of each and every agency to corresponding strategic objectives of the Administration. All departments and agencies will need to review and recast, if necessary, their major final outputs (MFOs) and performance targets, so that they can tie it together with the strategic objectives of our Social Contract with the Filipino People.

I have likewise instructed the RBPMS Task Force to develop, alongside the RBPMS, another system of **Performance-Based Incentives**, because we have to reward the good performance of our public servants; we need to give them more impetus to pursue excellence in their respective jobs. Under this system, public servants of agencies who are able to meet, or even surpass, their institutional and individual performance targets may be given as much as P35,000 in annual bonuses. With a P9.97-billion budget, we intend to start implementing this system in the Executive Branch beginning this year, so that we can benefit immediately from the enhanced performance of our public servants, and move away from across-the-board incentives.

Upang magtagumpay tayo sa ating laban para sa pagbabago, nararapat lang na palakasin natin ang mga lingkod-bayan bilang mga tagapagtaguyod ng reporma at nasusukat na resulta.



Fiscal Transparency for Faster, Clearer Results

Transparency is a core and essential value that should be embedded deeply in governance: not only to deter corruption and other misguided actions but also to enable citizens to co-govern.

Fiscal transparency ultimately enables faster and clearer results in public spending. Thus, I instructed the DBM and the implementing agencies to craft the proposed Budget for 2013 in as much detail as possible. A highly detailed budget not only provides more information on our expenditure plan for next year; it also paves the way for faster implementation of government's programs, activities, and projects.

We want to establish a policy regime where the **General Appropriations Act (GAA) serves as the release document**. This will greatly minimize the tedious and repetitive process of releasing allotments, and avoid the delays due to bottlenecks from the back-and-forth movement of release requests.

Transforming the Budget into a Release Document allows government agencies to conduct pre-procurement activities as early as this year, in anticipation of Congress' approval of this proposed Budget. Contracts can then be awarded on the first working day of the following fiscal year, and projects can be implemented and completed much earlier than usual.

To ensure the success of this transition, we must see another fundamental transformation in budget execution: the shift to **one-year validity of all appropriations**.

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In the past, the budget execution process lost its predictability due to the current policy that allows the carry-over of appropriations for maintenance expenditures and capital outlays to the following fiscal year. In other words, there have been annual Budgets crafted in the past without the intent of implementing them within the fiscal year.

Ang siste po, nasanay po ang mga pampublikong institusyon na ipagpaliban sa susunod na taon ang dapat sana'y naipatutupad sa kasalukuyang taon.

We need to change this, and that is precisely what we are doing. This Administration continues to **disaggregate lump-sum funds** under the budgets of departments and agencies. We have seen how such bulk funds have become prone to abuse, causing bottlenecks as well during budget execution. This is why, in crafting the 2012 Budget, we disaggregated around P150.5 billion of agency lump-sum funds and specified exactly where they were going.

This year, we have continued this practice. We required all departments and agencies to break down their remaining lump-sum funds into detailed programs, except for items that must be lump-sum by nature, like the Calamity Funds and the Quick Response Funds of certain agencies.

We believe that **technological innovations enable speedier and more transparent processes**. To date, we have developed open information systems that can be accessed by anyone on key fund releases such as the Priority Development Assistance Fund (PDAF). The DBM



has also developed a website—www.BudgetNgBayan.Com—that seeks to increase public literacy as regards the budget. Through these endeavors, we intend to increase our citizens' access to information on how government agencies spend the taxpayer money entrusted to them.

To push the envelope, the DBM, together with the Commission on Audit (CoA) and the Department of Finance-Bureau of Treasury (DoF-BTr), is in the midst of developing a Government Integrated Financial Management Information System (GIFMIS). This System, envisioned for completion by 2016, will automate and integrate the processing and flow of financial management information among the Public Financial Management oversight agencies and, eventually, among the implementing agencies.

Right now, we are also testing the National Payroll System—a key component of the GIFMIS. Another GIFMIS component, called the Cashless Purchase Cards system, seeks to reduce the use of cash advances and will soon be piloted in the military. I have likewise instructed the DBM to beef up its Philippine Government Electronic Procurement System (PhilGEPS) to provide additional functionalities such as electronic payment, electronic submission of bids, and, eventually, the electronic tender of government procurement.

Similarly, I have instructed the DBM to ensure that its Government Manpower Information System captures accurate and real-time information on personal services to ensure that each peso spent by government on salaries benefit real public servants, not fictitious or deceased entries.



Deepening Participation in Public Expenditure

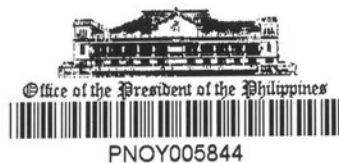
Lastly, in crafting the proposed Budget for 2013, we sought to deepen our engagement with the very stakeholders of public spending.

Our Social Contract is not only about *what* should be done but about *how* it should be done. So is our budget.

We introduced **Bottom-Up Budgeting** to amplify the voice of the grassroots in the allocation and management of public funds, as well as to promote a greater sense of understanding and ownership of the budgeting process among the public.

This bottom-up process is not new. In piloting this new process, we harnessed our experiences in community-driven development, such as the highly-lauded *Kapit Bisig Laban sa Kahirapan*–Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS) and the Mindanao Rural Development Project (MRDP). We believe that when government takes effort to engage the communities it serves, those communities reciprocate the effort by being active in national life, and they are then empowered to improve their situation and facilitate high-impact development through their collective action.

In this pilot stage of Bottom-Up Budgeting, we tasked 609 of the poorest municipalities to develop Local Poverty Reduction Action Plans together with local communities and civil society organizations (CSOs) in their jurisdictions.



These plans were then submitted to the national government for consideration into this proposed National Budget.

A total of 593 of these municipalities submitted plans worth a total of P8.37 billion. This money will go to community-determined, anti-poverty interventions—such as agriculture and fisheries support, potable water supply, public healthcare, and basic education.

Last year, this Administration also piloted a process of **Participatory Budget Preparation**, which required the DepEd, DoH, DSWD, DPWH, DA and DAR, as well as the National Food Authority (NFA), National Housing Authority (NHA) and the National Home Mortgage and Finance Corporation (NHMFC) to partner with CSOs in assessing the impact of their programs on the ground to see what works and what does not.

For our proposed budget, we doubled the number of national government agencies tasked to forge Budget Partnership Agreements with CSOs to twelve (12) departments and six (6) government-owned or -controlled corporations (GOCCs). The additional agencies are the DoTC, DoT, DENR, Labor and Employment (DoLE), Justice (DoJ) and Interior and Local Government (DILG), as well as the National Irrigation Authority (NIA), National Electrification Authority (NEA), and the Light Rail Transit Authority (LRTA).

Finally, this Budget has been designed to enable **public-private partnerships (PPPs) for the delivery of social services**. To entice the greater participation of the private



sector in government's implementation of poverty reduction programs, this Budget packages the procurement of infrastructure for social services—classrooms and other educational facilities, rural health facilities, hospitals, and others—under Build-Transfer and Build-Lease-Transfer arrangements. Indeed, the private sector is a potent force that should be tapped in our efforts to reduce poverty and improve human development outcomes.

Sa paggugol na matuwid, hindi maaaring tayo-tayo lang sa gobyerno ang nagpapasya at kumikilos. Kailangan natin ng mga kasama, kaakibat at kakampi: ang taumbayang nagluklok sa atin sa poder.

OVERVIEW AND DIMENSIONS OF THE 2013 BUDGET

We are submitting to Congress, for its consideration, a total of P1.368 trillion in New General Appropriations, consisting of P1.251 trillion for Programmed New Appropriations and P117.5 billion for the Unprogrammed Fund. With the Net of the Unprogrammed Fund, and including Automatic Appropriations of P755.2 billion, the total 2013 National Budget would be P2.006-trillion. This is 10.5 percent higher than the 2012 Budget, and is equivalent to 16.8 percent of the projected gross domestic product (GDP).

BY SECTOR. The biggest share of 34.8 percent is allocated for Social Services, while Economic Services accounts for the second biggest at 25.5 percent. Meanwhile, the share of the Debt Burden on the budget, at 16.6 percent, has decreased from 18.3 percent.



Table 1: The 2013 Budget by Sector

PARTICULARS	Levels (Php Billion)		Percent Share		Growth
	2012	2013	2012	2013	
Social Services	613.4	698.8	33.8	34.8	13.9
Economic Services	439.0	511.1	24.2	25.5	16.4
General Public Services	320.3	346.1	17.6	17.3	8.0
Debt Service	333.1	333.9	18.3	16.6	0.2
Defense	87.2	89.7	4.8	4.5	2.9
Net Lending	23.0	26.5	1.3	1.3	15.2
Total	1,816.0	2,006.1	100.0	100.0	10.5

BY EXPENSE CLASS. Capital Outlays (CO) will increase by 15.7 percent to P380.0 billion from P328.3 billion this year. Together with P29.8 billion in subsidies to government-owned or -controlled corporations (GOCCs) for infrastructure projects, the total allocation for CO will hit P409.8 billion in 2013.

Current Operating Expenditures (COE) account for P1.6 trillion or 79.7 percent of this proposed Budget. This allocation funds increases in Personal Services (by 8.0 percent) to support the full year implementation of the Salary Standardization Law III and the hiring of teachers, nurses, airport and security personnel, policemen, and other needed public servants; and in Maintenance and Other Operating Expenditures (MOOE; by 17.5 percent) due to the expansion of social programs.

Meanwhile, the share of Local Government Units (LGUs) in the National Budget will increase by 9.7 percent to P318.1 billion due to improved revenue collections in 2010, the base year for computing the Internal Revenue Allotment (IRA) of LGUs for 2013.



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Table 2: The 2013 Budget by Expense Class

PARTICULARS	Levels (Php Billion)		Share		Growth
	2012	2013	2012	2013	
CURRENT OPERATING EXPENDITURES	1,464.7	1,599.5	80.7	79.7	9.2
Personal Services	593.5	641.3	32.7	32.0	8.0
MOOE	266.6	313.3	14.7	15.6	17.5
Subsidy to GOCCs	19.7	42.3	1.1	2.1	114.3
Allotment to LGUs	218.6	241.8	12.0	12.1	10.6
Interest Payments	333.1	333.9	18.3	16.6	0.2
Tax Expenditure Fund	33.0	26.9	1.8	1.3	(18.6)
CAPITAL OUTLAYS	328.3	380.0	18.1	18.9	15.7
Infra. and Other CO	252.4	296.7	13.9	14.8	17.5
Equity to GOCCs	2.1	2.0	0.1	0.1	(2.7)
Cap. Transfers to LGUs	71.3	76.3	3.9	3.8	6.9
CARP LO Compensation	2.5	5.0	0.1	0.2	100.0
NET LENDING	23.0	26.5	1.3	1.3	15.2
TOTAL	1,816.0	2,006.0	100.0	100.0	10.5

Table 3: Top 10 Departments

Particulars	2012 Program		2013 Proposed		Notes
	Level	Rank	Level	Rank	
	(Php Billion)		(Php Billion)		
DepEd	238.8	1	292.7	1	1, 2
DPWH	126.4	2	152.9	2	3, 4, 5
DND	108.1	3	121.6	3	1, 6
DILG	99.8	4	121.1	4	1, 6
DA	61.4	5	74.1	5	4, 5
DOH	45.8	7	56.8	6	1, 4, 5
DSWD	48.8	6	56.2	7	
DOTC	34.7	8	37.1	8	1, 4, 5, 6
DOF	23.6	9	33.2	9	1, 4
DENR	17.5	10	23.7	10	1, 6

Notes:

- 1/ Includes allocations from the Miscellaneous Personnel Benefits Fund
- 2/ Gross of School Building Program transferred to DPWH
- 3/ Net of School Building Program transferred from DepEd
- 4/ Includes allocations from Budgetary Support to Government Corps.
- 5/ Includes allocations from Priority Social and Economic Projects Fund
- 6/ Includes allocations from the Pension and Gratuity Fund



THE BUDGET AS A SOCIAL CONTRACT WITH THE FILIPINO PEOPLE

In 2012, our national budget was sharply focused on this Administration's Social Contract with the Filipino People.

In 2013, we remain focused on fulfilling that Contract, and have intensified the level of prioritization of our key result areas we had laid out earlier.

Transparent, Accountable and Participatory Governance

Mabigat na problema ang ating minana nang maluklok tayo sa pagka-Pangulo: isang pamahalaang pinahina ng kanser ng katiwalian at pang-aabuso sa kapangyarihan. Minana ko rin ang napakalinaw na mandato mula sa taumbayan: hanapan ng lunas ang kanser na ito.

This Budget is designed as a tool we can use to instill the highest standards of integrity and accountability in government. It seeks to strengthen our efforts in rebuilding the people's trust in public institutions through *Daylight*—greater transparency, accountability, and citizen participation—in government.

DIGITIZATION OF PUBLIC FINANCIAL MANAGEMENT OPERATIONS.

Under this Budget, we are proposing the allocation of P238 million for projects that will digitize public financial management operations. Of this amount, P67 million would be allocated for the development of the core system of



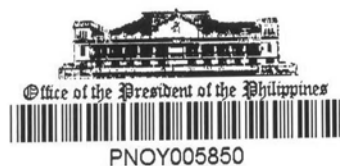
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Government Integrated Financial Management System (GIFMIS), which is a tool that will integrate, automate, and ensure the accuracy of information flows relative to government revenues, disbursements, and debt.

We are also setting aside P72 million for the development of the National Payroll System. At the same time, P30 million is allocated for the development of the BTr's Cash and Treasury Management System, which will automate the recording, accounting, and reporting of all cash transactions of Government, and will move us closer to the desired Treasury Single Account (TSA) system—a system that will help consolidate and manage the government's cash resources, so that we can minimize borrowing costs.

Furthermore, P42 million is also proposed for key projects of the Information and Communications Technology Office of the Department of Science and Technology (DoST-ICTO) that will support GIFMIS, such as the National Public Key Infrastructure (PKI) system that will provide secure and legally-binding internet-based financial transactions; the e-Serbisyo which will serve as a web-based gateway providing convenient access to government information and services; and the e-Bayad, which will provide an online mode of government electronic payment.

REVENUE ADMINISTRATION REFORM. To ensure transparency, accuracy and fairness in the collection of government revenue, the 2013 Budget will bolster reforms in the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BoC). The objective is to raise our revenue collection effort to 16



percent of gross domestic product (GDP) by 2016, from the 14 percent achieved in 2011.

This proposed Budget allocates P4.4 billion for the Integrated Tax Compliance and Enforcement Efforts of the BIR. This program seeks to strengthen the tax mapping and verification capabilities of the BIR. This Budget also supports other reform initiatives in the BIR, such as the Electronic Taxpayer Information System (P223 million) and the Taxpayers' Service Excellence Program (P104 million). Meanwhile, to intensify our pursuit against tax evaders who effectively rob our Bosses, this Budget allocates P16 million to invigorate the Run After Tax Evaders (RATE) Program and P137 million for *Oplan Kandado* which aims to intensify the bureau's enforcement operations

This proposed Budget also allocates P2.2 billion for the Enhanced Revenue Collection program of the BOC in order to hike their collection effort to 3.3 percent of GDP by 2016, from the 2.7 percent achieved in 2011. This program sustains the ongoing activities of BOC to strengthen its capability to inspect, appraise, and collect duties and taxes from imports.

This amount also includes P281 million for the maintenance of non-intrusive container inspection systems and P173 million for the purchase of X-ray machines.

STRENGTHENING PUBLIC INSTITUTIONS. From day one, this Administration has been committed to strengthening our public institutions. This means making them more resilient to

corruption, and bolstering their capability to deliver public services with maximum impact. This 2013 Budget allows us to continue this commitment.

To support the strengthening of LGUs, this Budget provides P1.65 billion for the Local Government Capacity Building Program of the DILG. Under this program, the Local Government Academy will provide technical assistance to 1,714 LGUs to help them improve their state of governance, including public financial management, risk management, mapping, and other endeavors to improve transparency, accountability, and citizen participation in LGUs.

Furthermore, this Budget rewards LGUs who meet benchmark governance criteria through the Performance Challenge Fund of more than P1 billion. This fund will be used to augment the local resources of LGUs who attain a "Seal of Good Housekeeping."

To strengthen the adjudication of graft and corruption cases involving public officials, employees, and their accomplices, this Budget provides P391 million to bolster the operations of the Sandiganbayan. With this funding, the Sandiganbayan is expected to handle 3,297 graft and corruption cases and to decide on 397 of such cases within the year.

CLEAN AND FAIR 2013 ELECTIONS. Beyond strengthening public institutions, this Administration intends to strengthen our democratic system. To help uphold the rights of our Bosses to choose those who will represent them in government in the upcoming synchronized elections in 2013,



this Budget provides P8.3 billion for the preparatory activities of the Commission on Elections (ComElec).

This amount will be used to cover the required manpower, equipment, and supplies to ensure the success of the automated elections at the national and local levels, at the barangay level, in the Autonomous Region for Muslim Mindanao (ARMM), and for Overseas Absentee Voting.

Poverty Reduction and Empowerment of the Poor

Following through on our commitment to give Filipinos a better quality of life, we will strive to meet our MDG commitment of reducing the poverty threshold by half, from 33.1 percent in 1991 to 16.6 percent in 2015. To help us achieve this, we are focusing the 2013 Budget on critical programs which not only provide a lifeline for the poor, but also empower them to lift themselves out of poverty through meaningful social investments.

SOCIAL PROTECTION. The Pantawid Pamilyang Pilipino Program (4Ps) continues to be our premier strategy to deliver direct, immediate, and substantial social protection to the poor.

Next year, we are allotting P44.3 billion for this program: 12.4 percent more than this year's appropriation of P39.4 billion, and 78.8 percent of the budget of the Department of Social Welfare and Development (DSWD).



With more robust funding for this program, the total targeted households has jumped from 336,208 in 2008 to more than 3.1 million in 2012 and further to 3.8 million households in 2013. The program covers 17 regions, 79 provinces, 138 cities and 1,261 municipalities with the highest poverty concentration, with most beneficiaries located in Regions 5 and 6 and in the ARMM.

Aside from nurturing the health and catering to the education needs of our 4Ps beneficiaries, we are also giving them livelihood opportunities through the DSWD's Self-Employment Assistance-*Kaunlaran* (SEA-K), a program that will receive P1.5 billion in 2013, or almost 18 times its appropriation in 2012, to support 128,355 families.

BASIC EDUCATION. This year, we mark a milestone in Philippine education with the launch of the K-12 Program that reforms our education curriculum, and will improve the competitiveness of our graduates through a 12-year basic education cycle. This Administration likewise lauds the passage of the Kindergarten Education Act, in line with our belief that education is for all.

Naninindigan tayo: ang edukasyon ay susi sa pagbukas ng oportunidad upang labanan ang kahirapan.

To support these reforms, this Administration plans to eliminate all resource gaps—classrooms, teachers, textbooks, among others—by next year. With this in mind, we have once again greatly increased the DepEd budget. We have raised it by 22.6 percent to P292.7 billion, from P238.8 billion this year.



In particular, we increased funding for the Basic Educational Facilities and the School Building Program by more than 50 percent—from P17.4 billion this year to P26.3 billion in 2013. All in all, we expect 30,789 classrooms to be constructed and rehabilitated next year, which will finally close the classroom gap. To complement the new classrooms, we will procure more than a million seats and construct 90,461 water and sanitation facilities.

We also aim to fully cover the shortfall in quality public school teachers by allocating P13.4 billion for the creation of 61,510 teaching positions to include the regularization of 7,967 kindergarten volunteer teachers.

With a P1.5-billion budget, the government will also procure more than 31.1 million textbooks and teachers' manuals in 2013 to maintain the 1:1 student to textbook ratio.

To improve access to basic education and to help decongest public high schools, this government increased provisions for the Government Assistance to Students and Teachers in Private Education (GASTPE) to almost P7.0 billion next year, from this year's P6.3 billion, to accommodate one million grantees. Each grantee in the National Capital Region (NCR) will receive P10,000, while those in other regions will receive P5,500.

UNIVERSAL HEALTH CARE. If we want to achieve our goal of empowering the Filipino people, we must pay special attention to advancing the area of Public Health. As such,

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this Administration has raised the budget of the DoH by more than 24 percent to P56.8 billion in 2013, from P45.8 billion this year. This surge in healthcare spending is indicative of our commitment to provide all Filipinos with a responsive public health system able to respond to their needs. This Administration is committed to our universal healthcare agenda: *Kalusugang Pangkalahatan*.

A necessary component of *Kalusugang Pangkalahatan* lies in making sure that our countrymen who have less in life have access to quality and appropriate healthcare. This is why we have allocated P12.6 billion to fund the annual premium subsidy of the 5.2 million indigent families identified through the National Household Targeting System (NHTS), under the National Health Insurance Program (NHIP). Should the sin tax reform law be passed this year, the additional revenue gained from this will enable us to cover 5.6 million families of workers in the informal sector across the country, in partnership with LGUs; and to pursue the development and rehabilitation of Rural Health Units (RHUs) and hospitals.

Kalusugang Pangkalahatan is meant to empower Filipinos to recognize their eligibilities, responsibilities, and entitlements to health care services. As such, the government will not stop at shouldering premiums: we are also committed to enhancing the quality and delivery of healthcare services by hiring competent professionals, upgrading facilities and equipment, and widening the coverage of our programs.

In line with this, we have more than doubled the budget for our Health Facilities Enhancement Program to P13.6 billion



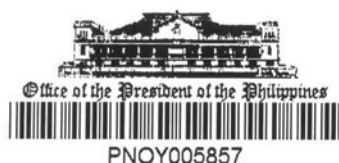
in 2013, from P5.1 billion in 2012. This will account for the immediate rehabilitation and construction of 2,243 RHUs and 403 District and Provincial Hospitals across the Philippines, as well as improve the delivery of rural healthcare services. We intend to finally close the RHU supply gap by 2013.

The development of our regional health facilities goes hand-in-hand with the hiring of competent and dedicated healthcare professionals. We are also increasing the budget of the "Doctor to the Barrios and Rural Health Practices Program" to P2.8 billion—a move that will allow us to deploy 131 doctors, 22,500 nurses, and 4,379 midwives to LGUs, rural health centers, and government hospitals nationwide.

Almost P2.0 billion has been set aside for the Expanded Program on Immunization, which will cover an estimated 2.7 million children in 2013. This means that we will be able to protect 2.7 million children from diseases such as diphtheria, pertussis, tetanus, polio, measles, and TB.

Over P1.0 billion has also been set aside for Tuberculosis Control, involving the Directly Observed Treatment Short Course (DOTS) treatment strategy, and for the medication of an estimated 46,694 childhood TB cases in 2013.

We are also allotting P570 million to address key public health threats: malaria, schistosomiasis, leprosy, and filariasis. We have likewise earmarked some P321 million to fund medical interventions needed against infectious and other reemerging diseases including HIV/AIDS, dengue, food and water-borne diseases.



Finally, we have allocated more than P2.5 billion to promote family health and responsible parenting.

All of these measures play important roles in our universal healthcare agenda—in preventing, managing, and treating the spread of illness and disease in society, for the health, quality of life, and empowerment of all Filipinos.

HOUSING FOR RESETTLEMENT FROM DANGER AREAS AND INFRASTRUCTURE DEVELOPMENT. This Administration is aware that, even as we provide our people with basic social services, housing, and education, it is also important for them to have safe and affordable housing, especially for those living in high-risk areas.

Next year, we will be allocating more than P20.8 billion for the implementation of regular and special programs of the National Housing Authority (NHA).

Some P4.9 billion of these funds will go to the resettlement requirements of over 33,000 informal settler families (ISFs) in Metro Manila and in areas outside the metropolitan area. We will provide them with homes, but more than that, we will also ensure that community facilities and socio-economic support programs will be available at the relocation sites, for the benefit of those same families. This is why we have maintained the P128-million allocation for the Settlement Upgrading Program.

Meanwhile, P10.1 billion from the NHA's special housing programs will also go to the resettlement of ISFs living in danger zones, such as creeks, rivers, and *esteros* in Metro



Manila. In-city multi-storey housing structures will be constructed on government-owned land in Rizal, Parañaque, Malabon, Caloocan, Pasig, Valenzuela, and Las Piñas, and will become the homes of an estimated 20,000 families.

We also have special housing programs for our men and women in uniform in the Armed Forces of the Philippines (AFP), Philippine National Police (PNP), Bureau of Fire Protection (BFP), Bureau of Jail Management and Penology (BJMP) and Bureau of Corrections. We are aware that nothing the government can do will fully compensate these valiant men and women for the sacrifices they make every day, but we believe that helping them to meet their basic needs is a start. Next year, we are expanding this program by allotting more than P5.6 billion in funds to construct homes for an additional 20,000 families.

Rapid, Inclusive and Sustained Economic Growth

In the last two years, we have seen the international community express its renewed interest and confidence in the Philippines, not just as a partner in improved governance, but also as a growing investment and commercial hub in Asia. For instance, investment banking firm Goldman Sachs, and the Hong Kong and Shanghai Banking Corporation have separately projected that the Philippines will be the 14th or 16th top economy in the world in a number of years. We have also seen increasing confidence in the sovereign credit of the Philippines, through eight positive credit ratings actions in only the past two years.



As encouraging as these developments are, the Administration is determined not to rely on its achievements. We are determined to work harder over the next few years in order to foster rapid, inclusive, and sustainable economic growth. The 2013 Empowerment Budget has allowed us to support the expansion and reinforcement of our infrastructure base, as well as to strengthen those sectors that have assumed crucial roles in the local economy. These include the country's rapidly growing tourism industry, as well as small- and medium-sized local businesses, agriculture, and transportation. We believe that the growth of these sectors will be truly inclusive, and will be more broadly felt throughout the economy.

INFRASTRUCTURE. It is necessary for us to develop infrastructure across the country, if we want the Philippines to become a top destination for investments and tourism, among others. Thus, for 2013, we will set aside a total of P409.8 billion for infrastructure projects and capital outlay.

In the next fiscal year, the Department of Public Works and Highways will continue to pursue the full pavement of arterial roads and secondary roads and bridges by 2014 and 2016, respectively. The DPWH will also focus on upgrading bridges into permanent structures in 2016.

With a P106.5-billion allotment for FY 2013, the DPWH will be well-positioned to pursue and achieve these goals. Of the total allocation, P22.8 billion will be used to preserve the existing road network, including the preventive maintenance of 1,611 kilometers of road and the rehabilitation of 1,018 kilometers of road. Meanwhile, another P26.2 billion will be



used to cement 1,175 kilometers of gravel-type roads, up by P15.9 billion than the 2012 allocation.

P7.9 billion will be used to upgrade temporary bridges to permanent structures, as well as rehabilitate and reconstruct various other bridges. The DPWH will also receive P10.5 billion for the routine maintenance of carriageways and roadsides, and for the preventive maintenance of several highways across the country, chargeable against the Motor Vehicle User Fund for 2013.

The Department of Transportation and Communications (DoTC), which is at the helm of transport infrastructure development, has aligned their efforts with that of the DPWH. The end in sight is to facilitate faster and safer transportation of goods and persons around the country. In support of this goal, P2.0 billion will be allocated to the DoTC in support of the LRT Line 2 East Extension project. This project will expand the trail line from Santolan, Marikina to Masinag, which is in Antipolo. We have likewise allocated P3.3 billion for the LRT Line 1 South Extension, which will cover 11.7 kilometers of railway from Baclaran to Bacoor, Cavite. This extension will add 10 more stations to the route of our LRT Line 1. Both projects will improve our public transport system, as well as contribute to the decongestion of our roads.

Another P1.3 billion has also been allocated in 2013 for DoTC's Road Transport IT Infra Project, which will integrate and centralize the IT requirements of its Sectoral Road Transport Offices, including the Land Transportation Office



(LTO) and the Land Transportation Franchising & Regulatory Board (LTFRB).

We are also studying how best to improve the transit system in the Visayas, beginning with a P975-million allocation to the Cebu Bus Rapid Transit System to reduce transportation time for commuters in the region.

Other new priority projects include the Central Spine RORO project with P800 million in supportive funds, the Northern Integrated Bus Terminal System with P400 million, and the Southern Integrated Bus Terminal System with P800 million.

We have also allocated P1.5 billion for the initial financing of the acquisition of ten units of 40-meter Multi-Role Response Vessel (MRRV) for the Philippine Coast Guard to strengthen its regulatory and enforcement functions in water transport.

The Department of Energy (DOE) has also taken part in this Administration's drive to bolster transportation infrastructure in the country, while advocating the use of clean and renewable energy, through the distribution of 20,000 Electric Tricycles to participating local government units (LGUs). A total of P3.1 billion has been allotted for this program.

TOURISM. The Department of Tourism has already enjoyed much success with its new tourism campaign, "It's more fun in the Philippines." The DoT aims to increase tourist arrivals to 5.53 million visitors for next year; and in order to realize this, we in government need only to strengthen key services to make the Philippines more visible in the arena of global



tourism. By doing so, we will be able to bring in 10 million visitors by 2016.

In pursuit of this goal, I have instructed the DBM to allocate a total of P12.0 billion to DPWH for the construction, improvement and rehabilitation of access roads to 164 declared or strategic tourism destinations. This is 300 percent more than the P3.0-billion allocation for 2012.

In the same vein, this Administration has provided P3.5 billion to the DoTC for the construction, rehabilitation, and/or full pavement of 15 airports and nine ports and wharves.

Finally, to improve our marketing campaign for both domestic and international tourists, P1.0 billion has been provided to the DoT, with P250 million to the Tourism Promotion Board.

AGRICULTURAL DEVELOPMENT. We will continue to pursue full self-sufficiency in terms of food production next year to support the larger demands of our growing population, as well as to maximize the agricultural resources already at our disposal. More importantly, however, food self-sufficiency will decrease our nation's dependence on the importation of grains and give local farmers more opportunities to contribute to the local economy and to their own financial success.

We have provided the Department of Agriculture (DA) with a budget of P73.6 billion in 2013, which is 19.9 percent higher than the current year's P61.4 billion. Of this amount, P15.3

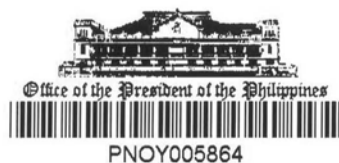


billion has been allocated for our banner agricultural programs. This amount will go towards helping our farmers improve their incomes and produce 20 million metric tons (MT) of rice next year—the amount we need to attain rice self-sufficiency, as well as 8.4 million MT of corn, 5.4 million MT of fishery products, and 3.13 million MT of coconut-based products.

This Administration will allot P7.4 billion for our banner rice program, while P1.5 billion and P1.75 billion will go to our corn and coconut development programs, respectively. Meanwhile, the Bureau of Fisheries and Aquatic Resources will receive P4.6 billion, a sizeable increase from the P3.0-billion budget given them in 2012.

Irrigation development will receive an allocation of P27.3 billion. These funds will be used for new irrigation systems for 61,215 hectares of agricultural land, for the restoration of irrigation systems over 42,219 hectares, and the rehabilitation of systems over 112,699 hectares. Farm-to-market roads will also receive an allocation of P7.0 billion, which will translate to 750 kilometers worth of roads.

COMPREHENSIVE AGRARIAN REFORM PROGRAM. My mother, the late President Corazon C. Aquino, started the Comprehensive Agrarian Reform Program in fulfillment of the mandate given her by the people, when they took to the streets during the People Power Revolution. And, like my mother, I too am committed to ensuring the success of this program, as it is in line with our desire to foster social justice and inclusive growth.



Towards this end, we have provided P6.1 billion for the Land Acquisition and Distribution activities of the DAR and the DENR. This money will go towards the distribution of 360,000 hectares of agricultural lands, including the compensation of 260,000 claim holders. The 2013 Budget also provides P362 million to support DAR's agrarian justice delivery efforts, which will be used for the settlement of 174,373 agrarian reform cases.

Beyond the distribution of agricultural land, this budget also provides P5.7 billion for the Program Beneficiaries Development Efforts of DAR in support of 2,083 agrarian reform communities and 5,018 agrarian reform beneficiary-organizations. This allotment will also be used by the NIA in irrigating 1,765 hectares of distributed lands, and by DENR in developing 6,654 hectares in 119 upland sites that have already been distributed under CARP.

DEVELOPMENT OF MICRO, SMALL AND MEDIUM-SCALE ENTERPRISES. The vast and potent majority of enterprises in our economy today are micro-, small-, and medium-scale enterprises (MSMEs), whose growth redounds to benefits for an equally vast majority of our countrymen. If we work to sustain their development, we will likewise be working to sustain the progress of many of our countrymen, the security of our country's economic base, and the continued development of our economy.

As such, the Department of Trade and Industry (DTI) will receive support amounting to P700 million for the Shared Service Facilities project to set up common service facilities



and render assistance to 750 MSMEs, as well as to create 50 MSMEs from 2013 onwards. This will increase the access of MSMEs to better technology, which they can utilize to become more competitive in the global supply chain.

Furthermore, the Department of Science and Technology (DoST) will be given P500 million to provide sufficient assistance to fledgling MSMEs through the Small Enterprise Technology Upgrading Program (SET-UP) Program, which will empower small firms to address their technical problems through financial aid, technology transfers, and other interventions, to improve productivity, human resources development, and cost minimization.

To assist small entrepreneurs in starting their businesses, we have also set aside P136 million for the DTI to develop a one-stop business registration, licensing, and export documentation facility. Furthermore, P133 million will be used to support their sustainable market development and promotion activities.

RURAL ELECTRIFICATION. Our thrust for inclusive growth is anchored on the idea that no Filipino must be left behind—in health and education, in economic progress, and in access to basic needs and services. This is the idea behind our Rural Electrification Program, which aims to improve the socio-economic development and the quality of life of Filipinos living in rural communities.

The Budget provides P6.3 billion to bring light to even more rural areas next year, under the supervision of the National Electrification Administration (NEA) and the Department of



Energy (DoE). This total amount is 45 percent higher than the allocation for the same program in 2012.

This will support electrification projects of NEA for various communities across the archipelago under the Sitio Electrification Program and Barangay Line Enhancement Program, with expected outputs of 3,676 sitios energized and 600 barangay electric lines enhanced. At least 128,280 households are expected to benefit from these two programs of NEA. Meanwhile, the DoE aims to energize around 7,500 Filipino households through the installation of solar panels and other renewable energy sources under its Household Electrification Program.

TERTIARY AND VOCATIONAL EDUCATION FOR COMPETITIVENESS.

At a time when the Philippines has once again recaptured the confidence and attention of the world, it has become especially necessary for us to ensure that our labor force is competent, well-trained and globally competitive. As such, we are transforming our higher education system and our technical-vocational education programs to meet the current and future requirements of the labor market.

Hindi po pinababayaan ng aking Administrasyon ang ating mga pampublikong pamantasan, at higit sa lahat, ang mga iskolar ng bayan.

As a testament to this, we have dramatically increased the budget of State Universities and Colleges (SUCs) by 43.6 percent to P37.1 billion in 2013. However, let me emphasize that these funds must be used to improve the capabilities



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and skills of our pool of graduates, particularly for industries where we seek greater global competitiveness.

The Commission on Higher Education (CHED), in cooperation with SUCs and other concerned stakeholders, will be implementing a Roadmap for Higher Education Reform to improve the quality and standards of higher education in the country. Of the total SUC budget, P3.4 billion will be used to strengthen 22 leading and 88 developing SUCs under the Roadmap.

Mandato po nating tiyakin na ang ating mga SUCs ay magbibigay ng de-kalidad na edukasyong tutugon sa pangangailangan ng ating mga iskolar at ng ating merkado.

We will phase out or close SUC programs that are not part of their mandates, or that are duplicative and inefficient. New programs will be developed in essential high-level professional disciplines, such as geology and meteorology, to meet the demands of the labor market. There will also be a generic socialized tuition fee scheme for SUCs to be piloted in 10 SUCs starting 2014.

On top of the total SUC budget, we have also provided P1.8 billion under the budget of CHED to a program for Developing Research and Development, and Information Capabilities of Selected Higher Education Institutions for Future Technologies.

To strengthen technical and vocational education, we have allotted P3.1 billion next year for the Technical Education and Skills Development Authority (TESDA). Part of this



budget will be used for the operation of 57 administered schools and 60 training centers that will produce technically competent, innovative, and creative Filipino workers.

From this amount, P900 million has also been set aside for the Private Education Student Financial Assistance (PESFA) program and the Training for Work Scholarship Program (TWSP). In total, these two programs will subsidize 97,821 enrollees in courses such as tourism, business process outsourcing, semiconductor and electronics, and agri-fisheries—all of which are in line with key employment generators.

Just and Lasting Peace and the Rule of Law

Naniniwala po ako na ang kapayapaan ang tulay sa maunlad na kinabukasan. Peace goes hand in hand with development; it is necessary for economic progress and the prosperity of any society.

We can resolve armed conflicts and attain lasting peace without resorting to violence, and this is the idea that has underscored our efforts for the past two years. We will work towards the closure of conflicts through negotiated settlements with the Moro Islamic Liberation Front (MILF) and the Communist Party of the Philippines-New People's Army-National Democratic Front (CPP-NPA-NDF), with a sincere desire for peace.

At the same time, we will continue to address the root causes and exacerbating factors of social conflict: poverty, poor governance, and lack of true justice.



This Administration is also modernizing our security forces, particularly the territorial defense capabilities of the AFP, so they will be better able to perform their mandate.

PEACE AND DEVELOPMENT. The *Payapa at Masaganang Mamamayan* (PAMANA) Program complements our efforts to attain negotiated peace. It is our framework for peace-building, reconstruction, and development in conflict-affected areas, with the aims of reducing poverty and vulnerability, improving governance, and empowering communities.

For 2013, we aim to implement the Program in 4,943 LGUs through the collaboration of the DA (P1.5 billion), DSWD (P1.5 billion), DAR (P208 million), DILG (P1.6 billion), DOE-NEA (P150 million), DENR (P93 million), PhilHealth (P16 million), and CHED (P2.0 million).

The P5.0-billion budget for PAMANA will be used to deliver the needed services in the seven PAMANA areas: Zamboanga, Basilan, Sulu and Tawi-Tawi; Central Mindanao; Samar Island; the Cordilleras; Bicol-Quezon-Mindoro; Davao-Compostela Valley-Caraga; and Negros-Panay.

To transform the ARMM into a bastion of good governance, economic growth, and cultural and religious understanding, we crafted the Roadmap for Good Governance, with the Transition Investment Support Plan, focusing on eight key action points: 1) to improve the delivery of basic services; 2) to create an enabling environment for public and private partnership towards equitable growth; 3) to step-up peace and order initiatives for sustained growth and development; 4) to strengthen bureaucratic reforms; 5) to clean up the electoral process and ensure peace in the region; 6) to ensure good governance; 7) to engage CSOs and people's organizations in governance; and finally 8) to maximize the potential of the ARMM.



To support this, we allocated P13.4 billion for the ARMM Investment Plan in 2013, with interventions in health, education, and infrastructure, among others.

Of this amount, P6.9 billion will be used to support 878,082 enrollees for both elementary and secondary education in ARMM. We will invest P1.2 billion in Alternative Learning Systems and Technical-Vocational Education for 26,910 enrollees. We will also utilize P852 million for public health services, including the vaccination of 736,612 children. We will also set aside P1.8 billion for the construction of 41.4 kilometers and maintenance of 870 kilometers of roads.

Meanwhile, we have allocated P314 million in the 2013 Budget for the Office of the Presidential Adviser on the Peace Process (OPAPP), the lead agency coordinating all government efforts for peace, including P121.3 million for the National Unification Program.

MODERNIZED SECURITY FORCES. *Kaakibat ng ating mithiing seguridad at kapayapaan sa buong kapuluan, papaigtingin natin ang kapasidad ng ating Sandatahang Lakas at Kapulisan.*

We provided our Department of National Defense (DND) with a P121.6-billion budget in 2013—a budget that is 12.5 percent higher than in 2012.

Of this, P5.0 billion will support the AFP Modernization Program, to be released with a standby fund of P10.0 billion once the AFP Modernization Law is passed. We will fortify the ranks of the AFP by providing them with the best equipment, seacraft, and aircraft that will enable them to secure the safety of our people and the sovereignty of our nation. We have also allotted P47.2 billion for internal security and P2.1 billion for territorial defense. Similarly, the



budget of the DoTC-Philippine Coast Guard has been given a 62-percent boost to P1.8 billion to support the patrolling of our territorial waters.

We continue to believe that diplomacy and the rule of law are the best tools to ensure peace and stability in our region and in the world, but at the same time, we want our soldiers to have the equipment they need to perform their duties to the best of their ability, should there be threats to our national peace and sovereignty.

External peace and security is as important as the maintenance of public order and safety in our communities. For 2013, we have provided the DILG with a budget of P120.8 billion, or 21 percent higher year-on-year.

Of this allocation, P91.7 billion will be used to strengthen the capability of the PNP to enforce laws and to prevent, suppress, and investigate crimes, P2.0 billion has also been set aside for the PNP Modernization Program that will, among others, bring the firearm-to-police ratio at 1:1, create 3,000 new police positions, and construct 24 police stations. Similarly, the BFP budget has been increased to P8.5 billion.

As we support our policemen, soldiers, and firemen in these ways, so too are we helping them to ensure that the Philippines remains a safe, peaceful and prosperous nation.

DELIVERY OF JUSTICE AND ENFORCEMENT OF THE RULE OF LAW.

This Administration is committed to strengthening our institutions that deliver justice and enforce the rule of law, so that justice is dispensed fairly and equally in society.

The 2013 Budget allocates P17.8 billion for the judiciary: an increase of 13.1 percent from its P15.7-billion allocation in 2012. Of this amount, P16.3 billion has been earmarked for the Supreme Court and the Lower Courts, to clear the



dockets and ensure that the 309,721 cases under trial are resolved. Meanwhile, the Court of Appeals has been given P1.3 billion to ensure the resolution of 14,298 appellate cases. The Court of Tax Appeals has likewise been provided with P244 million to ensure the resolution of 415 tax cases.

With a new Chief Justice soon at the helm of the Supreme Court, this Administration looks forward to having a productive, yet independent and respectful relationship with the Judiciary, not in pursuit of selfish interests, but in pursuit of urgent reforms: the swift and fair delivery of justice, and transparent and accountable governance of the courts.

The DoJ has also been provided with a P10.8-billion budget in 2013, 14.8 percent higher than the previous year's allocation.

Almost P3.0 billion will support the DoJ's investigation and prosecution services towards the resolution of 291,550 cases. Our bid to curb human trafficking will also be bolstered by a P100-million allocation for the Implementation of the Anti-Trafficking in Persons Act. The Philippine Drug Enforcement Agency's efforts against illegal drugs also received a 37.8-percent boost to P679 million, an increase we are certain will help in their fight against illegal drugs. Meanwhile, the BJMP will receive an increased budget of P5.8 billion.



Integrity of the Environment and Climate Change Adaptation and Mitigation

Halfway through our term, we are already proud to have already achieved key feats in the area of environmental protection and climate change adaptation. None other than the 2012 Environmental Performance Index (EPI) has recognized our efforts when it categorized the Philippines as a global “strong performer” in environmental performance. From being 50th in 2010, we jumped to 42nd place in 2012 out of 132 countries, outranking Australia (48th), the United States (49th), and Singapore (52nd), which are all under the “modest performer” category.

Gayumpaman, hindi tayo maaaring maging kampante.

Our geographic location and the fact that the Philippines is an archipelago makes our country especially prone to natural disasters. We have all had personal experiences of this, and we in government are well aware that, when it comes to the safety and well-being of our countrymen, we can never be complacent. In fact, our country reported 33 destructive natural disasters last year—the highest worldwide.

These natural disasters have taken a toll on almost 12 million lives and destroyed more than P31 billion in property and economic productivity. At even greater risk are the poor, who are most vulnerable to increasingly destructive natural phenomena caused by climate change. We can never be too prepared.



MAPPING CRITICAL GEOLOGIC HAZARD AREAS. This Administration has already identified and started mapping key areas most susceptible to geological hazards, to forewarn and prepare the communities in these areas, and to pre-position the resources for disaster intervention by the national government and the LGUs. By 2016, we intend to complete the detailed mapping of all cities and municipalities, identifying areas prone to flooding and landslides—completing a comprehensive warning system that will go a long way in our efforts to be prepared for these natural calamities.

We are infusing about P1.5 billion to the National Mapping and Resource Information Authority (NAMRIA) to start the implementation of the Unified Mapping project targeting 18 major river basins. This allocation will support the production of topographic maps covering 5.4 million hectares as input for simulations of hazards, such as landslides and floods.

With a P299.7-million outlay in 2013—which represents a 168-percent increase—the Mines and Geosciences Bureau will also continue to assess and map 548 municipalities to identify those susceptible to climate change hazards.

DISASTER PREPAREDNESS AND PREVENTION. To ensure that public resources are readily available when disasters strike, we again allocated P7.5 billion for the Calamity Fund. Furthermore, P3.9 billion in Quick Response Funds have been embedded in the budgets of the DSWD, DepEd, DPWH, DA, and DND.



The President's Budget Message

Timely and accurate weather forecasts are critical to disaster preparedness. This is why we continue to support the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) automation program by providing it with P405 million in 2013.

To construct sufficient infrastructure against flooding, we have allocated P18.2 billion under the DPWH budget for flood control projects, including the construction of 20,043 lineal meters (lms) of dikes and seawalls, 16.671 lms of revetment and slope protection, and other flood control structures covering 4,233 cubic meters of waterways and creeks.

We are also committed to clean up Manila Bay and the Pasig River. DENR has received an allocation of P150 million to restore and maintain Class-B quality water in Manila Bay. The Pasig River Rehabilitation Commission, on the other hand, will be given P360 million to rehabilitate and develop three estuaries of the Pasig River, more than double its 2012 budget.

For better management of solid waste, reduction of catastrophic floods, and improved management of health-related disaster, we have allocated P983 million for the proper closure and rehabilitation of 637 open dump sites and 257 controlled dump sites nationwide. This amount will also go towards providing disposal services to 17 LGUs in Metro Manila.



NATIONAL GREENING PROGRAM. On February 1, 2011, I signed Executive Order No. 23, which implemented a nationwide total logging ban. This measure was intended to preserve our environmental and natural resources, as well as to mitigate the adverse effects of climate change, such as rampant flooding. This logging ban, however, is only one of this Administration's different policies and programs aimed at mitigating climate change.

The National Greening Program (NGP) has been given a P5.9-billion budget in 2013, more than double compared to P2.7 billion allotted to them in 2012. With this amount, 150 million seedlings will be planted in 300,000 hectares in 2013, from 44 million seedlings covering 128,559 hectares in 2011. This will go a long way towards accomplishing our goal of planting 1.5 billion trees in 1.5 million hectares of public lands from 2011 to 2016. The end in sight is the improvement our forest cover to 30 percent of total land area, from only 23.8 percent in 2003.

RENEWABLE AND EFFICIENT ENERGY. Launched in June of 2011, our National Renewable Energy Program will continue to address the electricity needs of our people at a much lower cost, freeing us from the ravages of the world oil market. To add to that, it will give us what we need, without destroying the environment.

For 2013, we have infused P127 million into the Household Electrification Program (HEP) in off-grid areas using renewable energy systems. The program, to be implemented from 2011 to 2017 with a total project cost of over P1.0 billion, involves the electrification of off-grid households using renewable energy technologies such as solar power and micro-hydro systems. We expect to energize 7,500 households in 2013 to achieve our target of electrifying 90 percent of all households by 2017.



The President's Budget Message

We aspire to make energy efficiency and conservation a way of life through the National Energy Efficiency and Conservation Program. The 2013 Budget allocates P25 million under the Department of Energy (DOE) to promote and implement six energy efficiency and conservation programs: energy standards and labeling; information, education, and communication campaigns; Voluntary Agreements Program; Recognition Award Program; Government Energy Conservation Program; and the DOE-United Nations Industrial Development Organization (UNIDO) Industrial Energy Project.

Next year, we complete the implementation of the five-year Philippine Energy Efficiency Project, which aims to reduce the cost of power generation through investments in energy-efficient lighting and lighting systems. Its P46-million budget for 2013 will distribute the remaining compact fluorescent lamps (CFLs) nationwide. Since 2011, we have set aside a total of P1.05 billion for the retrofitting of 135 government buildings, the installation of LED Traffic Lights in 88 intersections, and the distribution of 1.7 million CFLs nationwide.

Another noteworthy project that will be supported in 2013 is the Electric Cooperative System Loss Reduction Project (ECSLRP). This will be given P257 million to promote energy efficiency improvements through commercial lending and private investments in electric cooperatives.

Finally, we are also working with the Climate Change Commission (CCC), the DOE, and the Bank of the Philippine Islands (BPI) to spearhead the pilot test of an energy-efficiency initiative for five buildings in the Malacañang compound, as part of our endeavor to eventually make government offices fully 'green.'



FINANCING THE EXPENDITURE PLAN

Sa pamamagitan ng Paggugol na Matuwid, matutupad natin ang kolektibong mga pangarap ng ating mga kababayan.

Looking back on the first few months after I assumed office, I remember how this Administration was overwhelmed by the government's dire fiscal position, due in part to imprudent fiscal management and to the uncertainties of the global economy. Halfway through 2010, our fiscal deficit had already breached 3.5 percent of GDP. It would have been easy to say that we did not possess the capacity to turn things around.

But we did not falter.

We have instilled fiscal discipline in our public expenditure management and improved our operations by adhering to a strict code of honesty and transparency, and by constantly asking ourselves, "What will best benefit the Filipino people?" Because of these widespread reforms, we are back on track in consolidating our fiscal deficit to 2.0 percent of GDP by 2013. More importantly, we have created much more fiscal space for the priority endeavors that have true impact on the lives of Filipinos – greatly reducing waste and opportunities for corruption, while improving the way we serve the public.

Despite the gains we have already made, we know that in no way can we afford to be complacent. In the medium term, the government remains committed to bringing down the deficit and debt to manageable levels. Under this scenario, we will continue to increase spending, particularly for priority sectors to meet the MDG targets and bring the spending levels for infrastructure, education, and health to more



respectable levels. We are doing this not to be comparable to our neighbors in the region, but to help the country.

DISBURSEMENTS. These will expand from 16.9 percent of GDP in 2013 to 18.0 percent of GDP in 2016. To support the expansion of our disbursements, revenues will increase from 14.9 percent of GDP in 2013 to 16.0 percent of GDP in 2016, supported by administrative measures to improve revenue collection efficiency. This will allow us to control the deficit level to 2.0 percent of GDP for the next four years, starting 2013. By the end of our term, we expect to turn over a healthier treasury, with debt significantly reduced to 42.4 percent of GDP from about 50 percent of GDP in 2011.

Table 4: National Government Fiscal Program

Particulars	Levels		Percent of GDP		Growth
	2012 Program	2013 Proposed	2012 Program	2013 Proposed	2012-2013
LEVELS					
Revenues	1,560.6	1,780.1	14.5	14.9	14.1
BIR	1,066.1	1,238.6	9.9	10.4	16.2
BOC	347.1	397.3	3.2	3.3	14.5
Privatization	2.0	2.0	0.0	0.0	-
Others	145.4	142.2	1.4	1.2	(2.2)
Disbursements	1,839.7	2,021.1	17.1	16.9	9.9
COE	1,442.6	1,585.0	13.4	13.3	9.9
o.w. IP	317.7	333.9	3.0	2.8	5.1
CO	374.1	409.6	3.5	3.4	9.5
Net Lending	23.0	26.5	0.2	0.2	15.2
Surplus/(Deficit)	(279.1)	(241.0)	(2.6)	(2.0)	(13.7)
<i>Memo Item: GDP</i>			10,734.2	11,951.9	



REVENUES. For 2013, the National Government will raise P1.78 trillion in revenues equivalent to 14.9 percent of GDP and higher by 14.1 percent from the revised program for 2012. This increase, however, does not include the revenue impact of pending reforms in the sin tax regime, and the rationalization of fiscal incentives.

The tax collection effort in 2013 is expected to reach 13.8 percent of GDP. Tax revenues are expected to grow by 15.7 percent, with BIR and BoC collections increasing by 16.2 percent and 14.5 percent, respectively. Meanwhile, non-tax revenues will be lower at P128.9 billion due to expected lower dividends from GOCCs.

We continue to implement reforms to improve collections and to deter tax evaders and smugglers. With this, we anticipate Congress' support for these important reform measures: the rationalization of fiscal incentives, reforms in the tobacco and alcohol excise tax system, and the increase in mining excise taxes. If enacted, these will increase our resources for social services.

DEFICIT AND DEBT. We expect to reduce the fiscal deficit in 2013 to P241.0 billion from this year's P279.1 billion. To finance this deficit and our outstanding debts, we intend to borrow a total of P757.7 billion, P189.8 billion from foreign sources and P567.9 billion from the domestic market, redefining our foreign-to-domestic borrowing mix to 25:75 from the 2010 ratio of 34:66 to reduce our economy's vulnerability to external shocks. We expect debt levels to be reduced from about 50 percent in 2011 to 42.4 percent by the end of 2016.



PAGGUGOL NA MATUWID: ATAS NG TAUMBAYAN

Ito pong panukalang Budget ay hindi resulta ng pagiging galante ng Administrasyon. Hindi natin inaangkin ang anumang mabuting epekto na idudulot ng Budget na ito: dinisenyo po natin ang Budget of Empowerment bilang pagtupad sa mandato natin sa taumbayan. Hindi po tayo galante; sinusundan lang po natin ang ating mga boss: ang taumbayan.

At walang iba po kundi ang taumbayan ang gumawa nito.

I assumed the Presidency in 2010 upon the consent of the Filipino people, knowing that, by the 30th of June, 2016, I shall turn over the reins of government to my duly-elected successor. Above all, the promise I made to myself, to my fellow workers in government, and to the Filipino people was that I would leave the country in a better state than what I inherited. When we step down in 2016, we want to leave behind, as our legacy: a transformed government, a capacitated people, an inclusive economy, and a better nation.

We are doing this precisely for the millions of Filipinos who voted for change, and entrusted to us the power to enact this change. Ladies and Gentlemen of the 15th Congress, as you authorize this proposed Budget for fiscal year 2013, I invite you to walk with us along the straight and righteous path, and help us in building this legacy.

Malinaw ang atas ng taumbayan: maglingkod nang tapat, nang walang ibang iniisip kundi ang kapakanan nilang nagluklok sa atin sa poder. Ipinagkatiwala nila sa atin ang kapangyarihang ating pasan—kabilang ang kapangyarihan sa kaban ng bayan—upang gamitin ito para sa kanilang ikauunlad.



The President's Budget Message

We are in power not to be served, but to serve.

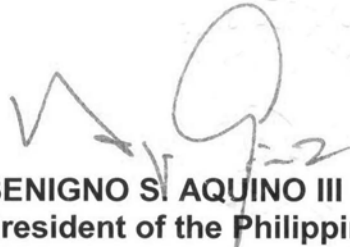
We are in power not for our own benefit, but for the collective welfare of our country and our people.

We are in power not to gain a monopoly of the truth, but to heed the authoritative voice of the people and answer to their concerns.

We are in power not to perpetuate our hold on it, but to subject ourselves to the sovereign will of the people.

It is in this light that I ask you, the men and women of Congress, to examine and eventually approve this proposed Empowerment Budget for fiscal year 2013.

In the spirit of People Power,


BENIGNO S. AQUINO III
President of the Philippines

