

PRESIDENT'S BUDGET ACTION MESSAGE





MALACAÑAN PALACE
MANILA

**THE HONORABLE SPEAKER
LADIES AND GENTLEMEN OF
THE HOUSE OF REPRESENTATIVES**

By the mandate vested upon me by the sovereign will of the Filipino people, I sign into law Republic Act (R.A.) No. 10717, the General Appropriations Act (GAA) for fiscal year (FY) 2016, entitled "AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY ONE, TWO THOUSAND AND SIXTEEN, AND FOR OTHER PURPOSES."

Sa pagsasabatas natin sa Pambansang Gugulin para sa taong 2016, patuloy nating pinaninindigan ang ating panata sa bayang nagluklok sa atin sa poder: mamahala nang matuwid at mahusay upang masiguro ang tuloy-tuloy na pag-unlad ng ating bansa.

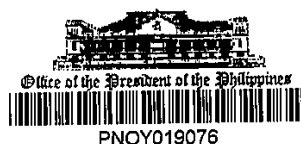
I. GENERAL COMMENTS

As I enact the final GAA of our administration, allow me to recall the actions we have taken together in the past 66 months that dramatically reshaped the way public funds are allocated, spent, and accounted for.

We started our reform journey with the difficult process of eliminating wasteful spending and restoring our credibility in the financial market. Since then, we have installed fundamental budgeting reforms that kept our fiscal house in order. We have aligned spending with desired results. We have streamlined budget release procedures and enhanced agencies' capacity to deliver services. Most of all, we have given our citizens a greater voice in budget policymaking. Driven by our people's clamor for change, we have accomplished what we thought was impossible: the installation of new policies and systems to strengthen budget integrity and accountability.

All of these have transformed our country's public financial management system to ensure that the government *spends within its means, invests in the right priorities, delivers measurable results, and empowers citizens in the process of allocating their taxes.*

Throughout this journey, we have been conscious of the fact that the power we wield over the Budget is not ours; rather, it is merely entrusted to us by the people. It is for this reason that I express my deep gratitude to the men and women of the 16th Congress for demonstrating their resolve to reflect their constituents' urgent needs and their demand for reform in this Budget that I enact today. I thank you for supporting the public financial management (PFM) reforms that we have introduced since 2010, which have now been consolidated through this GAA. Most importantly, I thank you for ratifying a Budget that supports our agenda for inclusive



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THE PRESIDENT OF THE PHILIPPINES

development: our vision of a country that provides everyone, especially the poor, ample opportunities to become self-sufficient and achieve lasting prosperity.

I must laud you for once again fulfilling your duty to pass the General Appropriations Bill on time—the 6th year in a row. By doing so, you have made your mark on history by ending the previous regime of frequent budget re-enactments, which resulted in unbridled Presidential discretion and convoluted budget execution. The timely passage of the GAA is in profound support of our pursuit to establish a new tradition of transparent, accountable, and efficient PFM. We in the Executive are compelled to reciprocate this historic act by urgently and faithfully implementing this Budget for 2016.

Before the annual Budget is implemented, the Presidency traditionally exercises his or her authority granted by Section 27 (2), Article VI of the 1987 Constitution in order to ensure that the GAA is consistent with the Constitution, existing laws, and responsible fiscal policy. I am pleased to report that of the 145 revisions and new provisions introduced in the Proposed Budget, I vetoed 3 and registered special conditions and observations on another 37. This is a welcome sign that, indeed, Congress has increasingly exercised its power of the purse with greater accountability and fiscal responsibility.

In the succeeding sections of this Message, I discuss the actions I have taken, as well as other observations, on the General Appropriations Bill that I hereby sign into law.

II. DIRECT VETO

Pursuant to the power vested in me by the Constitution, I hereby directly veto the following use of income provisions in this Act which contravene Section 44, Chapter 5, Book VI of Executive Order (E.O.) No. 292, s. 1987 (*Administrative Code of 1987*) requiring a separate substantive law to authorize the use of income by agencies:

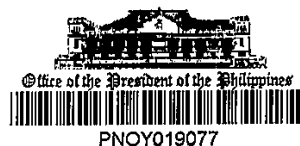
A. Department of Justice (DOJ)-National Bureau of Investigation, Special Provision No. 1, “Use of Income”, Volume II-A, page 1270;

B. Other Executive Offices (OEO)-Energy Regulatory Commission, Special Provision No. 1, “Use of Income”, Volume II-B, page 435; and

C. Department of Transportation and Communication (DOTC)-Office of the Secretary (OSEC), Special Provision No. 2, “Use of Income”, Volume II-B, page 309.

In the absence of a separate law allowing agencies to use their income, said provisions are considered ‘riders’ in this Act and must not be countenanced. In the case of *Philippine Constitution Association, et al., vs. Hon. Salvador Enriquez et al.*, (235 SCRA 534, 1994), citing *Henry vs. Edwards, La.*, 346 So. 2d 153 [1977]), the Supreme Court has ruled that the budget law cannot include matters that should properly be enacted in a separate legislation as the same is considered as an inappropriate provision which may be subject of a line item veto.

Following Section 44 above, all income of agencies shall be deposited in the National Treasury as income of the general fund to be used for the operations of the government. Accordingly, the income sources identified in the vetoed special provisions legally form part of this year’s revenue program, upon which the annual budget will be funded. Apart from violating the constitutional proscription on ‘riders,’ allowing the use of income by said agencies will



likewise result in double programming of the same income, as well as increase our expenditure program without the corresponding revenue sources.

III. CONDITIONAL IMPLEMENTATION

As head of the Executive, I am duty-bound to ensure the faithful execution of the provisions of this GAA in a manner that is consistent with existing substantive laws, as well as fundamental fiscal and budget management policies. Under the principles of equity and fiscal accountability, these laws and policies—and the rules that were crafted to guide their implementation—must be enforced and adhered to by all agencies. Therefore, I subject the implementation of the following provisions to certain conditions in order to ensure consistency with existing laws, policies, and rules and regulations.

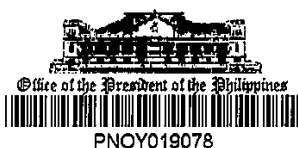
A. FISCAL ACCOUNTABILITY AND TRANSPARENCY

With our Constitution as guide, I call upon all agencies of the government to sustain our efforts towards fiscal accountability and transparency in all public expenditures. It is ingrained in our Constitution that Public Office is a public trust; thereby exacting not only the highest standards of public accountability, but also their equal enforcement across all entities of the government.

This principle of equal application of policies and standards applies in particular to the expenditure of public funds. These resources are meant to be disbursed for their purposes as authorized in the annual budget law, and during the validity of such appropriations. Unexpended balances of appropriations must revert back to the Treasury in order that they be authorized anew by a subsequent appropriations law. The reversion of funds likewise complements our drive for an open and transparent government: one which allows greater public scrutiny of government transactions, especially in the use of public funds. This policy of fund reversion is not only based upon sound, prudent, and transparent fiscal management, but also rooted in the constitutional provision that “*no money shall be paid out of the Treasury except in pursuance of an appropriations made by law.*”

Therefore, the retention of public funds for some future use not only distorts the equal application of fiscal accountability standards but also runs counter to the legal mandate to revert all unexpended balances of appropriations to the Treasury. Thus, in order to sustain our common ideals of fiscal autonomy with accountability towards good governance and greater transparency, founded upon the above constitutional and legal precepts, I hereby subject these provisions to conditional implementation:

1. Judiciary-Supreme Court of the Philippines and the Lower Courts, Special Provision No. 10, “Availability of Appropriations and Cash Allocations”, Volume II-B, page 605;
2. Judiciary-Presidential Electoral Tribunal, Special Provision No. 1, “Availability of Appropriations and Cash Allocations”, Volume II-B, page 609;
3. Judiciary-Sandiganbayan, Special Provision No. 4, “Availability of Appropriations and Cash Allocations”, Volume II-B, page 612;



4. Judiciary-Court of Appeals, Special Provision No. 4, "Availability of Appropriations and Cash Allocations", Volume II-B, page 615;
5. Judiciary-Court of Tax Appeals, Special Provision No. 4, "Availability of Appropriations and Cash Allocations", Volume II-B, page 618;
6. Civil Service Commission, Special Provision No. 3, "Availability of Appropriations and Cash Allocations", Volume II-B, page 623;
7. Commission on Audit (COA), Special Provision No. 3, "Availability of Appropriations and Cash Allocations", Volume II-B, page 639;
8. Commission on Elections, Special Provision No. 3, "Availability of Appropriations and Cash Allocations", Volume II-B, page 654;
9. Office of the Ombudsman, Special Provision No. 4, "Availability of Appropriations and Cash Allocations", Volume II-B, page 662; and
10. Congress of the Philippines, Special Provision No. 6, "Availability of Appropriations and Cash Allocations", Volume II-A, page 14.

B. DIRECT RELEASE OF MOOE REQUIREMENTS TO LOWER COURTS

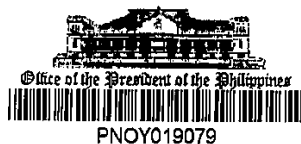
Indeed, collaborative consultations with the co-equal branches of government have yielded positive results for our country. No less than the Chief Magistrate has advanced the need to fortify Judicial independence by allocating sufficient amounts for the operating requirements of all lower courts, thereby discounting the need for any kind of assistance from local government units. This policy, coupled with a decentralized financial system, would enable the fair and efficient administration of justice in our country. In support of this policy, I have thus proposed an item in the budget of the Judiciary exclusively for the Maintenance and Other Operating Expenses (MOOE) of, and to be directly released to, all lower courts in the country.

In faithful support of our shared objectives, I reaffirm my commitment towards Judicial independence and efficient administration of justice, and place **Judiciary-Supreme Court of the Philippines and the Lower Courts, Special Provision No. 7, "Maintenance and Other Operating Expenses of Lower Courts", Volume II-B, page 605** under conditional implementation. Accordingly, I direct the Department of Budget and Management (DBM) to release said MOOE directly to the lower courts upon coordination with the Supreme Court.

Finally, consistent with fiscal independence and transparency, we urge the Judiciary to post the equitable allocation it has provided all lower courts on its website.

C. NETWORK PLAN FOR FARM-TO-MARKET ROAD PROJECTS

Farm-to-market roads (FMRs) are vital to our farmers, as these provide crucial market access and ensure the timely mobility of their crops and byproducts. Construction of FMRs should be strategic and follow an overall design; one that would lead to arterial or secondary roads and key production areas. An FMR network plan will ensure that the appropriations for the implementation of FMRs under **Department of Agriculture (DA)-OSEC, Special Provision No. 8, "Farm-to-Market-Road Projects", Volume II-A, page 93**, will truly benefit our farmers. I hereby mandate the DA to put in place a network plan to guide the implementation of FMR projects all over the country. Moreover, I task the same agency to prioritize the following in the implementation of FMRs: (i) major rice, corn and high value commercial crops producing provinces; (ii)



areas where the majority of small farmers and agrarian reform beneficiaries registered under the Registry System on Basic Sectors in Agriculture are located; and (iii) provinces or regions where the absolute number of poor farmers and the incidence of poverty are high as identified in the latest official poverty statistics of the Philippine Statistics Authority.

The hard work and dedication of our people in the field should be showcased as an example of how spending on the right priorities effects real change on the lives of our people. Thus, I further instruct the DBM to provide an FMR portal on its website containing the FMR network plan, together with the geo-tagged photos of all FMRs, including those being implemented across the country. For this purpose, the DA shall submit to the DBM, within a reasonable time, a copy of the network plan with geo-tagged photos of all existing FMRs and, on a regular basis, the geo-tagged photos of FMRs being implemented.

D. ROW OBLIGATIONS OF PPP TRANSPORTATION INFRASTRUCTURE PROJECTS

Under this Administration, we have optimized government resources by bringing in private partners through the Public-Private Partnership (PPP) program. This allows us to deliver much-needed public services at a lower cost for the government, and enables us to shift the risks to private investors. To ensure the successful implementation of PPP transportation infrastructure projects, we have proposed a sufficient amount under **DOTC-OSEC, Special Provision No. 5, "Public-Private Partnership Transportation Infrastructure Projects", Volume II-B, page 309**, to settle all right-of-way (ROW) acquisition expenses, which is an indispensable requirement for the PPP projects to proceed. Thus, the need to prioritize ROW obligations of the government in the implementation of this provision. Moreover, to avoid duplication of funding sources, the Risk Management Program in this Act should be utilized to cover other government commitments under the PPP contracts.

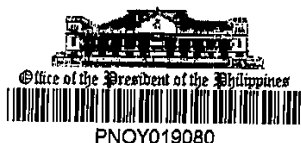
E. PROPER RECORDING OF TAX REFUNDS

Consistent with fiscal transparency and auditing rules, all tax refunds made during the year, which have been previously recorded as income, shall be deducted from the current year's revenue tax collections. Thus, similar with the recording of tax refunds by the Bureau of Customs, **Department of Finance-Bureau of Internal Revenue (BIR), Special Provision No. 3, "Tax Refund", Volume II-A, page 1095**, shall cover adjustments in the current year's revenue collections equivalent to the tax refunds made by the BIR for both current and prior years.

F. PROPER USE OF INCOME, FEES OR APPROPRIATIONS

1. Building Fund

In pursuance of the State policy to protect the rights and promote the welfare and interests of Filipinos overseas under R.A. No. 8042 (*Migrant Workers and Overseas Filipinos Act of 1995*), the Department of Foreign Affairs (DFA) shall prioritize the acquisition of new properties and the renovation of deteriorating government-owned consular offices, chanceries, and residences of the Philippine Foreign Service in the



use of the Building Fund under DFA-OSEC, Special Provision No. 3, "Building Fund", Volume II-A, pages 1134-1135.

The funding requirements for the acquisition or rehabilitation of other DFA offices in the Philippines shall be sourced from its regular appropriations, and not from the Building Fund. This promotes the efficient use of resources and assures adequate service and protection for the growing number of Filipinos overseas from our consular offices abroad.

2. Hospital Income

To ensure that all income collected by hospitals, medical centers, and other facilities authorized under Department of Health (DOH)-OSEC, Special Provision No. 2, "Hospital Income", Volume II-A, page 1153, are utilized for the improvement of the hospitals' or facilities' operations, the DOH is hereby directed to set the standards and parameters for the availment of the Point of Care Program. This shall include the selection of beneficiaries, which shall prioritize indigents not covered under the National Household Targeting System. Moreover, the DOH shall ensure that the use of hospital income under this provision for the Point of Care Program shall not displace the delivery of health services or the upgrading of the hospital's or facilities' equipment.

3. Express Lane Charges

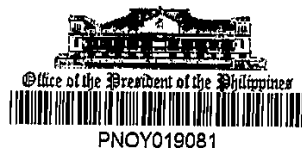
The implementation of DOJ-Bureau of Immigration (BI), Special Provision No. 2, "Express Lane Charges", Volume II-A, page 1264, shall be subject to the following: (i) submission by the BI to DBM of the list of fees and charges covered hereunder, together with the utilization reports on past collections; (ii) compliance with the authorized rates and rules in the grant and/or payment of salaries, allowances, benefits, and incentives, including overtime pay and health premium payments to BI employees; (iii) payment within the prescribed rates for casual, contractual, and job order employees, including confidential agents; and (iv) such other rules and policies as may be issued by the DBM.

4. Pension and Gratuity Fund and Unprogrammed Appropriations

To ensure the equitable allocation of the amounts appropriated for Total Administrative Disability pension under Pension and Gratuity Fund, Special Provision No.1, "Pension and Gratuity Fund", Volume II-B, page 771, and Unprogrammed Fund, Special Provision No. 1, "Availment of the Unprogrammed Appropriations", Volume II-B, page 775, I hereby task the DBM and Department of National Defense (DND)-Philippine Veteran Affairs Office to issue the implementing rules and regulations with due regard for the pending measures on pension reforms in the government.

5. Income from Amusement Taxes

In support of the government's efforts to promote the development and growth of the local film industry as a medium of aesthetics and to better understand and appreciate the Filipino Identity, the appropriations authorized under OEO-Film



Development Council of the Philippines, Special Provision No. 1, "Income from Amusement Tax and Other Fees and Charges", Volume II-B, pages 440-441, shall not be used for the purchase of motor vehicles, in accordance with Section 16(b) of R.A. No. 9167 (*An Act Creating the Film Development Council of the Philippines, Defining its Powers and Functions, Appropriating Funds therefor, and for Other Purposes*).

G. COMPLIANCE WITH THE REQUIREMENTS OF EXISTING LAWS

1. Cultural Preservation

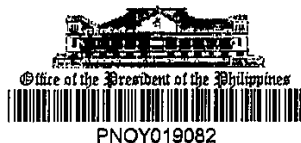
The State policy to protect, preserve, conserve, and promote the nation's cultural heritage, properties and histories, and the ethnicity of our local communities embodied under R.A. No. 10066 (*The National Cultural Heritage Act of 2009*) was reaffirmed in Section 43, General Provisions, "Protection of Built Heritage, Cultural Properties and Cultural Landscapes", Volume II-B, page 796 and Department of Education (DepEd)-OSEC, Special Provision No. 20, "Preservation of Gabaldon And Other Heritage School Buildings", Volume II-A, page 271, of this Act. To effectively promote the advocacy on cultural preservation, I direct the cultural agencies concerned to harmonize the provisions on both laws, particularly the prohibition on the demolition of cultural properties and sites, and the need for prior consultation with stakeholders and cultural groups on the alteration, renovation, or demolition of government buildings.

2. Construction of Evacuation Centers

I applaud Congress for impressing upon us the need to mitigate the growing effects of climate change under Department of Public Works and Highways (DPWH)-OSEC, Special Provision No. 17, "Evacuation Centers", Volume II-B, page 4 and Department of Interior and Local Government (DILG)-OSEC Special Provision No. 9, "Evacuation Centers", Volume II-A, page 1200. It is indeed imperative for us to revisit our laws and rules on building standards, especially in areas frequented by typhoons and other calamities. As disasters and calamities leave many people homeless, evacuation centers provide a safe refuge and lend a measure of comfort to their hapless victims. We should therefore ensure that the standards in place under the National Structural Code of the Philippines, the legal authority on the structural design of all buildings pursuant to Presidential Decree (P.D.) No. 1096 (*The National Building Code of the Philippines*), are responsive to these phenomena and other similar weather disturbances.

Accordingly, I mandate the DPWH, as the infrastructure arm of the government, to study, in consultation with the Civil Engineering Board and other stakeholders, the standards set under the National Structural Code of the Philippines on the construction of buildings and other structures—including evacuation centers—and determine their continued applicability for the protection of the public.

On the other hand, the DILG shall continuously remind local government units of the need to observe the standards set by the National Structural Code of the



Philippines on the construction of buildings and structures, pursuant to its supervisory functions over local government units.

3. Grant of Tax Subsidies

For the consistent application of rules on the grant of tax subsidy, implementation of **Section 16 (d), General Provisions, "National Internal Revenue Taxes and Import Duties", Volume II- B, page 792**, shall be subject to the prior approval of the Fiscal Incentives Review Board, created pursuant to P.D. No. 776 (*Creating a Fiscal Incentives Board*), as amended by E.O. No. 93, s. 1986 (*Expanding the Powers of the Fiscal Incentives Review Board*).

H. EFFICIENCY IN THE USE OF PUBLIC FUNDS

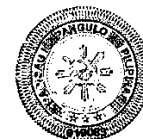
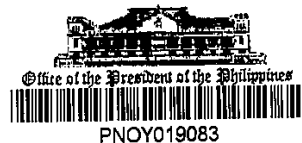
The succeeding provisions are properly placed under conditional implementation to avoid the duplication of funding sources and to optimize the use of public funds:

1. **DND-OSEC, Special Provision No. 1 "Quick Response Fund", Volume II-A, page 1347;**
2. **DILG-Bureau of Fire Protection (BFP), Special Provision No. 5 "Quick Response Fund", Volume II-A, page 1234;**
3. **DOTC-Philippine Coast Guard (PCG), Special Provision No. 1 "Quick Response Fund", Volume II-B, page 347; and**
4. **DILG-Philippine National Police (PNP), Special Provision No. 9 "Quick Response Fund", Volume II-A, page 1211.**

The Quick Response Funds under the foregoing provisions are more effective in providing relief, aid, and rehabilitation of disaster-stricken communities or areas when these are used by said agencies only for pre-positioning activities, specifically those related to their particular mandates on disaster- and calamity-response. To guarantee the immediate provision of adequate goods, supplies, and materials to victims of disasters and calamities, I hereby task the DND, PNP, PCG, and BFP to undertake swift and efficient coordination activities with the Department of Social Welfare and Development (DSWD) to prevent the overlapping of pre-positioning activities. They shall, at all times, prevent the wasteful duplication of the provision of goods, which is the primary mandate of DSWD.

5. Budgetary Support to Government Corporations-Sugar Regulatory Administration (SRA), Special Provision No. 1, "Block Farm Program", Volume II-B, page 679.

Considering that other agencies of the government are likewise implementing their own Block Farm Programs, the SRA shall ensure that beneficiaries under its program are not recipients of similar programs under other agencies. More importantly, the SRA—in coordination with the DA and other agencies concerned—shall set up common guidelines for the implementation of the Block Farm Program across all agencies.



IV. GENERAL OBSERVATION

I place the following special provisions under general observation in order to clarify their meaning and effects.

A. ORGANIZATIONAL STRUCTURE

I have full trust and confidence that the leadership of Congress and COA shall implement **Congress of the Philippines, Special Provision No. 2, "Organizational Structure of the Senate, the House of Representatives, the Senate and House of Representatives Electoral Tribunals and the Commission on Appointments"**, Volume II-A, page 14 and **COA, Special Provision No. 1, "Organizational Structure"**, Volume II-B, page 639, in accordance with the constitutionally mandated salary standardization under R.A. No. 6758 (*Compensation and Position Classification Act of 1989*), as amended by Congress Joint Resolution No. 4, s. 2009 (*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 R.A. No. 6686 (*An Act Authorizing Annual Christmas Bonus*), as amended by R.A. No. 8441 (*An Act Increasing the Cash Gift*), as well as uphold the fundamental policy set forth under Section 8, Article IX-B of the Constitution, proscribing the payment of additional compensation.

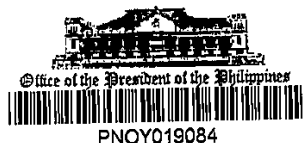
They shall similarly abide by the rules on the creation of new positions and other adjustments in the Personnel Services itemization, as well as observe the scrap and build policy for any adjustment and modification in their Organizational and Staffing Structure.

B. FULL INTEGRATION OF SPECIAL ALLOWANCE

To dispel any doubt on the intent of **Judiciary–Supreme Court of the Philippines and the Lower Courts, Special Provision No. 2, "Special Allowance"**, Volume II-B, page 604 and **DOJ–Office of the Solicitor General (OSG), Special Provision No. 1, "Income from Collections of the Office of the Solicitor General"**, Volume II-A, page 1276, I restate the provisions of substantive laws granting special allowance. Section 6 of R.A. No. 9227 (*An Act Granting Additional Compensation in the Form of Special Allowances for Justices, Judges and all Other Positions in the Judiciary*) directed that the special allowance granted unto all justices, judges, and all other positions in the Judiciary with the equivalent rank of justices of the Court of Appeals or the Regional Trial Court be integrated with their salaries upon the full implementation of R.A. No. 6758, as amended by Congress Joint Resolution No. 4 s. 2009. In the same vein, Section 12 of R.A. No. 9417 (*An Act To Strengthen the Office of the Solicitor General by Expanding and Streamlining Its Bureaucracy*) mandated the integration of the special allowance given to the Solicitor General, Assistant Solicitor General, Senior State Solicitor, State Solicitors I and II, and Associate Solicitors I to III with their salaries, upon the full implementation of the above-mentioned compensation adjustment law.

C. GRANT OF SALARIES AND ALLOWANCES

Consistent with P.D. No. 1597 (*Further Rationalizing the System of Compensation and Position Classification in the National Government*) and Congress Joint Resolution



4, s. 2009, the use of income under **DOF-Securities and Exchange Commission (SEC), Special Provision No. 1, "Registration and Filing Fees", Volume II-A, page 1129** for salary adjustments and the grant of allowance and other benefits of SEC officials and employees shall be made only upon the recommendation of the DBM and my final approval.

D. SUBMISSION OF REPORTS

The DOJ-OSG, in implementing DOJ-OSG, **Special Provision No. 1, "Income from Collections of the Office of the Solicitor General", Volume II-A, page 1276** and DOJ-OSG, **Special Provision No. 2, "Operational Requirements of the Special Committee on Naturalization", Volume II-A, page 1276**, is expected to comply with the submission of quarterly reports on financial and physical accomplishments under Section 89, General Provisions of this Act.

E. PROSECUTION OF ILLEGAL OCCUPANTS

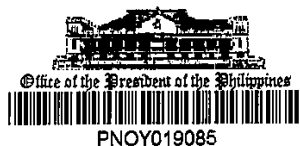
It is understood that the prosecution of professional squatters, members of a squatting syndicate, or any individual or group who will occupy or cause other persons to occupy cleared areas under **DILG-OSEC, Special Provision No. 11, "Containment of the Cleared Areas", Volume II-A, page 1200** shall be made through the National Prosecution Service of the DOJ, as it is the entity responsible for the investigation of the commission of crimes, the prosecution of offenders, and the administration of the probation and correction system.

F. NATIONAL GOVERNMENT EQUITY

By its very nature, the Unprogrammed Fund provides standby authority in case of excess collections by the government. In the case of **Unprogrammed Fund, Special Provision No. 1, "Availment of the Unprogrammed Appropriations", Volume II-B, page 775**, the release of the National Government equity for the Land Bank of the Philippines shall be chargeable against the dividend collections remitted by government-owned or -controlled corporations in excess of the dividend targets under the FY 2016 Budget of Expenditures and Sources of Financing.

V. SHARED FISCAL ACCOUNTABILITY

Consistent with the ideals of shared fiscal accountability in government, I wish to reiterate the faithful observance by all agencies of fiscal and budgeting laws and policies to ensure the sound management of our financial affairs. I uphold the constitutional grant of fiscal autonomy to the co-equal branches of government and the Constitutional Commissions. To an equal degree, I espouse fiscal responsibility, accountability, and transparency as principles that are consistent with fiscal autonomy. In the spirit of shared fiscal responsibility, I thus call upon all agencies of the government to sustain PFM reforms and uphold fiscal openness and accountability. By enforcing these principles and reforms equally throughout the government, we ensure that public funds are indeed spent for the people's benefit, and that citizens are empowered to hold public institutions and officials accountable for their actions. In doing so, we uphold the principle of checks-and-balances in our democratic society. Thus, all agencies—whether fiscally autonomous or not—should stand equally behind these policies, with no preference or exemption.



Let me therefore reiterate that pursuant to the legal mandate and policies under the General Provisions of this Act and Chapter 4, Book VI of E.O. No. 292, all appropriations for Personnel Services, as these cover the current year's requirement, shall be valid for release and obligation until December 31, 2016. All unreleased appropriations and unobligated allotments authorized in this Act shall revert to the General Fund at the end of the validity of appropriations, and shall be available for expenditure only upon subsequent legislative enactment.

VI. PERFORMANCE TARGETS OF AGENCIES

I finally note that there are changes, increases, reductions, and new budgetary items in this Act that may not have been considered in the formulation of the performance targets of agencies. These changes, increases, reductions, and new budgetary items should carry with them the corresponding adjustments in the committed performance targets of the agencies concerned. To achieve this, the DBM shall inform the agencies of the changes in their respective appropriations and require the submission of their revised performance targets.

VII. CLOSING STATEMENT

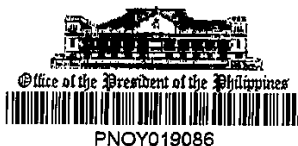
Sa pamamagitan ng Budget na ito, ipinamamana natin sa kasalukuyan at sa susunod pang mga henerasyon ang isang bansang patuloy na umuunlad at isang gobyernong nakasandig sa matibay na pundasyon ng tuwid na pamamahala. Inilalatag din natin sa mga lider na hahalili sa atin pagsapit ng Hunyo 2016 ang mga repormang kailangang ipagpatuloy at paigingin para higit na palalimin ang Paggugol na Matuwid.

Ladies and gentlemen of the 16th Congress: through our collective commitment to good governance, we have built a budget system that enables the government to *spend within its means, invest in the right priorities, deliver measurable results, and empower the citizenry* through greater transparency, accountability, and people's participation.

Our PFM reforms have been lauded worldwide for the breadth of their ambitiousness and the extent of their impact. For one, the Bottom-Up Budgeting program has garnered at least three global awards for its groundbreaking approach to participatory budgeting in the country, so that grassroots communities and local civil society now have a greater voice and stake in the budget process. Besides that, our efforts to expand citizen access to budget information has earned us high marks in the 2015 Open Budget Index, effectively placing the Philippines among the top 24 countries with adequate fiscal transparency.

Beyond earning global recognition for our country, our PFM reforms—and our governance reforms in general—were central in leading our country to the path of sustained growth and poverty reduction. By making huge investments in infrastructure and improving ease of doing business in the country, we have distinguished ourselves as one of the fastest-growing and most investment-worthy economies in the world. At the same time, the implementation of effective social protection and social service programs has allowed us to strike at the heart of poverty and effect genuine change in the lives of ordinary Filipinos.

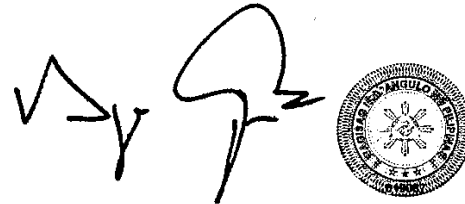
However, I will be the first to acknowledge that much remains to be done. While our administration has laid the foundations for inclusive development, our successor must continue



and—more ideally—surpass what we have accomplished, to ensure that no one is left behind in our country’s progress.

I must emphasize that this Budget for 2016 will be implemented in my remaining six months in office and thereafter by my duly elected successor. As I commit to turn over a sound fiscal environment and a reinforced bureaucracy, I urge my successor to build upon the reforms that our administration has established. Of particular urgency is the modernization of our country’s PFM system to one that is comparable to advanced budgeting systems in the world, one that fully enables the government to wield the Budget as a tool for socio-economic development, and most of all, one that empowers citizens in the process of allocating, mobilizing, and accounting for the use of their taxes.

As a servant of the Filipino people, I shall ensure that this GAA is implemented in a transparent, accountable, and responsive manner beginning the 1st of January 2016.



21 December 2015

