



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
MALACAÑANG, MANILA



NATIONAL BUDGET MEMORANDUM

No. 118

April 25, 2013

FOR : All Heads of Departments, Agencies, Bureaus, Offices, Commissions, State Universities and Colleges, Other Instrumentalities of the National Government and all Others Concerned

SUBJECT : **ADOPTION OF THE BUDGET PRIORITIES FRAMEWORK IN THE PREPARATION OF THE FY 2014 AGENCY BUDGET PROPOSALS**

1.0 RATIONALE

With the Aquino Administration approaching its midterm, this **BUDGET PRIORITIES FRAMEWORK (BPF)** is being issued to guide all departments and agencies in focusing their budget proposals on specific objectives and programs for FY 2014 to increase the certainty of the attainment of the Administration's goal of achieving **rapid and inclusive growth**.

A key contributor to the strong GDP growth last year was the improved pace and quality of public spending. This resurgence in public spending has contributed to an expectation-breaking 6.6 percent growth of GDP in 2012. In addition, the pursuit of good governance and anti-corruption efforts has begun to translate into investments, higher marks for the country's international governance ratings, and in the sustained people's trust in the government. These gains provide the needed momentum to face the key development challenges in ensuring inclusive economic growth so that the expansion of the economy translates into more jobs and livelihood for the people, larger investment inflows to expand these opportunities, and more significant contribution to poverty reduction. It is recognized however, that while these demands are important, they require a large amount of investment and the available fiscal space is limited. Hence, **there is the need to prioritize the programs critical to the attainment of the desired outcomes for the 2014-2016 period.**

The **PROGRAM BUDGETING** approach which was started for the 2013 Budget preparation will be continued to center the budget on identified necessary programs and more importantly, to ensure that key agencies participating in/contributing to the programs coordinate their targets and activities to facilitate program execution. This year, to maximize the translation of the approach into direct and substantial benefits for the people, particularly the poor, the convergence of programs will be pushed down to the geographical sites where many of the poor, unemployed and underemployed reside. In this context, program budgeting will be sustained in budget execution and enabled at the regional and/or provincial levels to evolve and mainstream this platform of cooperation, planning and governance among national agencies as they work with LGUs, CSOs and private investors, in delivering convergent services for the poor communities.

2.0 PURPOSE

As a supplement to the earlier issuances under National Budget Memorandum (NBM) Nos. 115, 116 and 117, this NBM strives to improve the capacities of departments/agencies to plan and program by providing the following:

- 2.1 The **key budget programs** which will be supported by the FY 2014 Budget consistent with the updated Philippine Development Plan (PDP) 2014-2016.
- 2.2 The **geographical sites** where these agency programs should coordinate/converge in objectives, space and time to maximize the impact on unemployment and poverty reduction.
- 2.3 The **guidelines and procedures** in identifying and reflecting these priority programs/projects in the agency budget submissions for FY 2014.

The Planning and Budget Officers of each department/agency are required to work together on the agency budget submission given the tighter integration of the OPIF and the Budget under the performance-informed budget approach as issued under NBM No. 117 dated March 1, 2013.

3.0 INDICATIVE BUDGET CEILINGS AND FISCAL SPACE FOR FY 2014

- 3.1 As contained in NBM No. 116 dated February 15, 2013, the Development Budget Coordination Committee (DBCC) has approved an **obligation budget ceiling of P2,268 billion for FY 2014**. This budget ceiling is up by P262.1 billion or 13.1 percent compared to the 2013 budget level of P2,006 billion. It is consistent with the 6.5-7.5 percent growth target and a 3-5 percent inflation forecast set for 2014. It is also consistent with a 2 percent of GDP budget deficit target (or P266.2 billion), and a revenue collection target of 15.2 percent of GDP (or P2,025 billion) for the year.
- 3.2 With the estimated costs of currently approved and ongoing programs/projects (or what is referred to as forward estimates) at P2.1 trillion, **the government has fiscal space or allocation for the expansion of ongoing and new priority programs/projects for 2014 amounting to P163.2 billion**. This indicates that only around 7 percent of the budget ceiling is still uncommitted or about the same value of uncommitted funds during the 2013 budget preparation. For 2015 and 2016, some P422.8 billion and P734.0 billion, respectively, are uncommitted to accommodate any multi-year funding implications that the new priority programs/projects for 2014 to 2016 will require.
- 3.3 The obligation budget ceiling already incorporates the proceeds from the Sin Tax Reform law, but not the Coconut Levy funds. The cost of ongoing and approved programs has also been considered in the formulation of the FEs, which have been issued to the different departments as indicative ceilings. These provide for demographic and inflationary adjustments.

4.0 PROGRAM PRIORITIES

The Office of the Cabinet Secretary as reconstituted by virtue of Executive Order No. 99 dated October 31, 2012, has initiated the tighter linking of the planning and budgeting

processes, including the crafting of the 2014 Budget and the 2013-2015 Performance Contracting using the Cabinet Assistance System (CAS). This has triggered a series of discussion on the government's priorities that should be funded for 2014 in line also with the updating of the Philippine Development Plan (PDP). In keeping with these discussions in the CAS and the PDP updating, the 2014-2016 Budgets will be focused on the following programs critical to the goal of rapid and inclusive growth:

4.1 Good Governance and Anti-Corruption

While significant inroads have been made in view of the leadership changes in the Supreme Court, the forging of the Framework Agreement on the Bangsamoro (FAB), the passage of the Sin Tax Reform law and the Reproductive Health law- all difficult but necessary reforms- efforts will need to be sustained, if not intensified, in the following areas to reduce corruption, streamline regulation, strengthen property rights and enforcement, and enhance participation and voice:¹

- 4.1.1 **Build and strengthen constituencies for reform and empower citizens** to participate in and demand for sustained good governance at the national and local levels.
- 4.1.2 **Strengthen government's planning and budgeting systems, monitoring and evaluation mechanisms, financial management, and performance management systems** to ensure that citizens directly benefit from the gains of good governance and government becomes increasingly results-driven. This will include the implementation of the Philippine Financial Management Reform (PFM) Road Map 2012-2015, specifically the operation of the Treasury Single Account (TSA) and the National Payroll System (NPS) by 2014 and the Government Integrated Financial Management Information System (GIFMIS) by 2015.
- 4.1.3 **Speed up investment and trade regulatory reform as well as the digitization/automation of service delivery to citizens** in order to streamline processes and cut red tape, reduce the cost of doing business, and enhance the efficiency of frontline services. In the 2013 World Bank Doing Business Report, the country continues to rank low (138th out of 185 countries) in the global scorecard in the Ease of Doing Business, particularly, in starting a business (161st out of 185) and resolving insolvency (165th out of 185).
- 4.1.4 **Pursue the good governance and anti-corruption program, particularly in Mindanao.** Implement the comprehensive ARMM Reform Program, in accordance with the Framework Agreement on the Bangsamoro, taking into consideration its developmental, humanitarian and peace-building context. Increase investments in Mindanao, not only in basic services and agriculture but also in industries that would promote employment in the region such as shipbuilding and other strategic investments. These will ensure that the impact of the signing of

¹ As agreed during the Philippine Development Forum, February 4-5, 2013, Davao City

Framework Agreement can be felt more immediately by the Mindanaoans.

In view of the critical role that good governance and anti-corruption reforms play in building back the trust and confidence in the government, and in laying down the enabling environment for the socioeconomic programs to succeed, the "Matuwid na Daan" paradigm shall underlie all other efforts, together with the primordial concern for national security and ecological integrity².

4.2 Sustaining the Growth Momentum

- 4.2.1 **The growth momentum will need to be sustained to reduce poverty** and enhance its ability to translate into investments and jobs. Priority focus shall be placed on expanding transport and energy infrastructure; pursuing tourism development, reviving the manufacturing sector and enhancing the assistance to SMEs for more to go up the value chain and enable them to multiply; and promoting greater agricultural productivity and higher farmer incomes, fast-tracking tenurial reform and expanding agriculture-industry linkages.
- 4.2.2 **To increase the span and quality of transportation and reduce the cost of energy in the country**, among others, government infrastructure spending as a ratio of GDP shall be raised from 2.6 percent in 2011 to at least 5-6 percent by 2016. The investments in the transport sector should strategically contribute to rapid and inclusive growth by adopting a coherent and efficient intermodal transport roadmap; connecting employment-creating areas/centers such as the priority tourism destinations, agricultural and manufacturing production hubs; facilitating access to basic government services like hospitals, schools, housing resettlements and training centers; and by being climate change smart. The outlays on the energy sector on the other hand, should lead to the development of new power sources in natural gas and renewable energy sources, rehabilitate existing plants to increase their generating capacity, and increase the energization of households³. More importantly, they should facilitate and open the access for poor communities to avail of the opportunities for productive employment and quality basic services, particularly in Mindanao.
- 4.2.3 With respect to the priorities for rural development, **interventions need to be those which lead to increasing productivity and incomes of farmers and fisherfolk considering that two thirds of the poor depend on farming and fishing for income and sustenance**. For these interventions to be sustainable, the focus should be on the protection and regeneration of natural resources, strategic agricultural infrastructure like irrigation and farm-to-market roads, and on research and development. They should take account of the impact of climate

² Consistent with the framework for updating the Philippine Development Plan presented during the First Plan Steering Committee Meeting, on March 12, 2013.

³ Presented by the NEDA during the Cabinet Assistance System meeting last February 27, 2013.

change. The objective is to promote higher value crops and species, reduce production costs and losses, increase farmgate prices and diversify livelihood options through access to credit, agricultural insurance, extension, market access and development. Priority tasks under agrarian reform shall consist of fast-tracking land acquisition and distribution, and sustaining program support to beneficiaries.⁴ The integrated coconut industry and poverty reduction roadmap shall be started in the initial sites.

4.2.4 The efforts on anti-corruption, preventing fiscal and macroeconomic imbalances, and increasing political stability have led to rising overall investment rates over the last two years. These will need to be sustained in view of their significant effects on investments. However, **to address the country's shrinking manufacturing sector, and the predominance of manufacturing firms producing goods with low productivity, government intervention in addressing market failures and cumbersome business procedures will have to be intensified.** These should include measures to protect intellectual property rights and cure coordination failures which prevent the introduction of new technologies for new products, new production processes, and the development of forward and backward linkages. Likewise, concerted effort must be made to ease regulatory processes for setting up new businesses and securing business licenses, improve labor productivity and facilitate the hiring and firing of labor, strengthen the enforcement of contracts and property rights and provide assistance to SMEs in technology and financing. Recent studies also show the detrimental effects of the low expenditures on research and development and the poor linkage between the university system and industries' R&D and skills requirements. All these efforts to address market failures and streamline regulation will encourage the upgrading of the scale and technology for domestic manufacturing, and diversify manufactured products for exports and the domestic market, leading to more and higher quality employment opportunities.⁵

4.2.5 The first year of the **Tourism Development Plan** has been successfully implemented in 2012 with foreign visitor arrivals reaching 4.3 million (up from 3.9 million in 2011), and visitor receipts reaching \$3.8 billion, up from \$3.0 billion in 2011. Average lengths of stay and per capita visitor expenditures have risen to 9.6 nights (from 8.04 nights in 2011) and \$894 (from \$739 in 2011), respectively. Hence, the pursuit of the following strategies will need to be continued for the tourism industry to reach its employment and growth inducing potentials: a) improving market access, connectivity and destination infrastructure; b) developing

⁴ As presented by the Department of Agriculture during the Economic Development Cluster meeting of March 13, 2013

⁵ Canlas, Khan and Zhang, Diagnosing the Philippine Economy: Towards Inclusive Growth , Asian Development Bank, 2011.

market competitive products and destinations; and c) strengthening human resources and the culture of convergence and excellence.⁶

4.3 Making Growth Inclusive

To enable more people, especially the poor, to benefit from the economic growth, the improvement of the human development status shall continue to be targeted. A healthy, educated and skilled populace is vital to making growth inclusive with people being both the agents and beneficiaries of growth. The **Pantawid Pamilyang Pilipino Program (4Ps) will be pursued and enhanced as the banner anti-poverty program of government** through the better targeting of the poor and by strengthening convergence with other programs of government in order to increase the likelihood that the beneficiaries/graduates of 4Ps will finally be able to get out of the poverty trap. The upgrading of human capital resources, by reducing the inequalities in access and in quality across the different regions of the country and across the different income classes will lead to higher labor quality and productivity. Hence, the following programs and strategies will also be prioritized:

- 4.3.1 To ensure that everyone, especially the poor, are able to access affordable health services, **the Universal Health Care (UHC) or Kalusugan Pangkalahatan (KP) shall be implemented.** First, higher enrolment and greater availment of the poor and informal sectors in health insurance benefit program of the Philippine Health Insurance Corporation (Philhealth) will be funded towards the goal of universal coverage using the proceeds of the Sin Tax Reform Law. Second, the access of the poor to modern public health care facilities will be bolstered with the construction and rehabilitation and the improvement of facilities of the barangay health stations (BHS) and rural health units (RHUs) nationwide. The preference for improving BHS and RHUs over Specialized Hospitals, as well as the targeted implementation of public health programs, will narrow the gap in the access to quality health services among regions and income classes.
- 4.3.2 Programs that will **enable the attainment of the health-related Millennium Development Goals (MDGs)**, especially those least likely to meet the 2015 targets such as the prevalence of underweight children and improving maternal health will need to be intensified.
- 4.3.3 Foremost among the education programs, is the implementation of the **K to 12 Program** which started in 2012 and which will require huge budgetary support for its efficient and effective execution. Reducing the inequities in the access to and in the quality of basic education experienced by poor communities and provinces should be targeted as well as closing the quality gap between primary and secondary education.
- 4.3.4 The expansion as well as the **enhancement of technical vocational education and training (TVET)** will respond to the increasing demand

⁶ DOT, Philippine Tourism: Gearing for More Fun and Progress. Presented during the Arangkada Forum, February 2013.

by the market for skilled labor brought about by advances in technology and in global standards.

- 4.3.5 **Undertaking reforms in public tertiary education to improve its quality and responsiveness to the market demand for skills** is another challenge for building a competitive manpower base which necessitates government intervention. This is indicated by the low scores of graduates from state universities in licensure examinations across the different fields, and the high unemployment rate of college graduates.⁷ This needs to be addressed to increase productivity and competitiveness, particularly in the science and technology sector. The implementation of the Higher Education Reform Roadmap will need to be intensified in the state universities and colleges.
- 4.3.6 The **provision of socialized housing and resettlement programs** shall continue to be a priority, particularly for those living along the path of targeted infrastructure development and in danger zones vulnerable to climate change and other disasters. This necessitates the strengthening of the institutions and partnerships with the LGUs and NGOs in the upgrading of slum communities and improving the living conditions of the Informal Settler Families (ISFs) in urban areas.
- 4.3.7 **The scope of the bottom-up budgeting (BUB) approach shall be expanded in FY 2014 to reduce inequalities in the access of the poor to basic unmet needs** like safe drinking water, electricity, safe sanitation, farm-to-market roads, health insurance, classrooms and the like. Unlike the other programs of government, this an affirmative approach which aims to empower the poor communities to identify and prioritize their local poverty reduction plans for inclusion in the budgets of selected agencies for the coming year and monitor the execution of the plan by participating national agencies.
- 4.3.8 The BUB program will cover the 609 municipalities and cities covered in the BUB approach in 2013; cities and municipalities with a poverty incidence of at least 20 percent and a poor population of at least 5,000 individuals based on the 2009 Small Area Estimates and the 2010 census data; municipalities with large numbers of poor and high growth potential as identified by NAPC; and barangays located in areas vulnerable to geohazard risks as identified by the Mines and Geosciences Bureau of the DENR. Hence, the BUB approach in 2014 will aim to cover 1,233 municipalities and cities or 75 percent of the cities and municipalities in 79 provinces in all the regions of the country. Annex A presents an overview of the coverage of the program.

⁷ Canlas, Khan and Zhang, Diagnosing the Philippine Economy: Towards Inclusive Growth , Asian Development Bank, 2011.

4.4 Managing Disaster Risk

In view of the danger posed by climate change to the security and wellbeing of the populace, particularly of the poor, the government has put disaster risk reduction and management as one of the major expenditure priorities. In 2004-2006, disasters, particularly typhoons and associated hydrologic events, affected around 8 million people annually, mostly in the rural areas and in agriculture. This was an increase of 50 percent over the level in 1994-1996. Only about half of the affected people received assistance from the government and private relief organizations and the value of the assistance only represented less than 1 percent of their income in normal times.⁸ Hence, **priority activities need to focus on climate change adaptation** employing measures on land use management; watershed development; rehabilitation of old and construction of new climate/disaster proofed infrastructures; enforcement of climate sensitive EIA guidelines; establishment of a network of protected and key biodiversity areas; climate proofing of RPPF/PDPFP/CLUP; and the preparation of master plans for the 18 major river basins. To address climate change adaptation research, among the priority tasks include the generation of probabilistic rainfall forecast and impact modeling for flood and other hazards, standardization of tools and approaches for climate vulnerability assessments, and modernization of ENR database and public information dissemination and communication of disaster risks and warnings.

5.0 FOCUS GEOGRAPHICAL AREAS

Because the poor lack resources to be mobile, to meet the objective of inclusive growth, government services will need to be brought to the poor and unemployed. This changes the development paradigm from one based on the trickle down effect to one of active engagement and coordinated effort by agencies. This requires the programs' lead agency coordinating the actions of supporting/participating agencies during the stages of planning to budgeting to execution to ensure the successful accomplishment of program targets. This coordination/convergence of efforts by groups of agencies will be facilitated by the Program Budgeting Approach and these convergence efforts will have to happen at both the national, regional and sub regional levels, depending on the design and requirements of the program.

The potential to lift the poor from poverty through this convergence effort is particularly high for those living in municipalities and communities with large numbers of poor but having high economic potential, being outside existing growth hubs characterized by high levels of trade activities, in-migration and connectivity with poor isolated areas. These "second-tier localities" outside the growth hubs will need to be upgraded to the point where they can achieve parity with other localities in terms of their attractiveness as investment sites. With private sector investor interest indicating the viable commercial value chains, these localities will therefore, constitute the promising focus areas for convergent public investments from national and local agencies offering not only basic social services and protection but also

⁸ Canlas, Khan and Zhang, Diagnosing the Philippine Economy: Towards Inclusive Growth, Asian Development Bank, 2011.

infrastructures and enterprises development. The private investors who will need to be attracted in these partnerships are those which can work for the direct empowerment and inclusivity of the communities.⁹

Hence, aside from the BUB approach which require the convergence or coordination of services required and identified by the beneficiary city or municipality, the following **three groups of areas/localities constitute the other sets of priority geographical areas for program convergence for the 2014 budget: 1) the initial identified sites under the Coconut Industry and Poverty Reduction Roadmap to benefit the coconut farmers who comprise 60 percent of the rural poor; 2) the localities under the 4Ps programs where majority of the fisherfolk reside; and 3) the ten gateway tourism destination clusters under the Tourism Development Plan.** The first two groups of localities will require the formation of new partnerships of agencies working together primarily for poverty reduction. The third will continue and expand the effort started in 2012 for job generation. Annex B indicates the possible groupings of agencies for the priority programs under the Program Budgeting Approach.

5.1 Coconut Industry Areas

Dire poverty occurs among coconut farmers even while there is a huge growth potential from the coconut industry with around \$935 million in annual export receipts and 5.2 percent value added contribution in agriculture. Based on NAPC and DPWH data, around 28 percent of these coconut farmers have no access to a national highway, 21 percent are 5 kilometers or more away from a national highway, and 13 percent are more than 2 kilometers but less than 5 kilometers from a national highway. Some 140,134 of the coconut farmers or 44 percent have no secured tenurial status¹⁰. Pending the approval of the implementation of the Integrated Coconut Industry and Poverty Reduction Roadmap by the President, **the initial sites for the program shall therefore be one of the priority areas for program convergence (tenurial reform, agricultural productivity programs, industry development, infrastructure development, social services, and climate change adaptation and disaster risk reduction and mitigation measures) in the 2014 budget.** This priority program will also maximize the impact of the Supreme Court ruling on the public nature of the Coconut Levy funds in October 2012.

Province	Poverty Incidence among Families (%) in First Semester, 2012	Number of Farmers	Number of Coconut Farmers	Coconut Farmers who are CCT	Coconut Farmers who are ARBs
Camarines Sur	33.5	240,859	40,348	12,901	6,207
Masbate	44.2	116,775	13,975	5,727	561
Eastern Samar	59.4	58,332	16,300	3,424	572
Nothern Samar	43.7	85,605	30,917	10,217	2,487
Samar	36.0 a/	106,818	20,574	6,741	1,109
Zamboanga del Norte	50.3	169,276	48,690	19,197	4,374

⁹ "New Rules and Roles and Policy Propositions for Investment Programming for Poverty Reduction and Inclusive Growth in Second-Tier Localities," NAPC presentation at the NEDA SDC, March 20, 2013.

¹⁰ NAPC-PCA, Integrated Coconut Industry and Poverty Reduction Roadmap, 2013

Province	Poverty Incidence among Families (%) in First Semester, 2012	Number of Farmers	Number of Coconut Farmers	Coconut Farmers who are CCT	Coconut Farmers who are ARBs
Davao Oriental	48.0	86,897	29,101	7,561	4,475
North Cotabato	43.9	270,939	27,789	4,633	2,481
Sarangani	46.5	73,338	24,193	7,256	2,408
Agusan del Sur	38.6	115,296	21,138	6,804	2,543
Surigao del Norte	34.6	52,580	14,250	4,366	2,414
Surigao del Sur	31.8	91,394	28,150	9,049	3,758
Total		1,468,108	315,425	97,876	33,389

Source: NSCB, NAPC, RSBSA 2012. Municipality level data can be obtained from NAPC.

^{a/} Data for Western Samar

5.2 Fishing Industry Development Areas

Around 30 percent of CCT beneficiaries are fisherfolk. Based on the 2009 NSCB Philippine Poverty Statistics, nearly 2 percent of the rural poor population has fishing as their primary occupation¹¹. Some 19 percent of the agriculture value added is from the fishing industry with annual exports of fish and fishery products valued at \$871 million¹². The initial data set on 20 provinces from the Registry System for Basic Sectors in Agriculture (RSBSA) show where majority of these fisherfolk are:

Province	Poverty Incidence among Families (%) in First Semester, 2012	No. of CCT Beneficiaries	No. of CCT Beneficiaries who are Fisherfolk	No. of CCT Beneficiaries who are Inland Fisherfolk	No. of CCT Beneficiaries who are Marine Fisherfolk
Abra	34.4	11,812	2,688	2,548	5
Agusan del Sur	38.6	37,549	3,014	2,834	16
Camarines Sur	33.5	84,048	16,215	3,783	11,771
Davao Oriental	48.0	24,925	4,431	527	3,772
Eastern Samar	59.4	13,554	3,347	560	2,744
Ifugao	47.5	14,986	557	442	0
Kalinga	29.4	8,527	373	211	3
Masbate	44.2	69,770	22,429	589	21,335
Mountain Province	34.8	4,141	272	204	0
North Cotabato	43.9	54,365	4,671	4,185	32
Northern Samar	43.7	30,870	9,131	1,445	7,590
Romblon	29.8	15,546	6,787	82	6,630
Samar	36.0 ^{a/}	48,606	14,942	783	13,996
Siquijor	24.6	2,686	928	0	925
Sultan Kudarat	41.6	36,777	5,311	2,365	2,422

¹¹ 2009 Philippine Poverty Statistics by Basic Sectors can be accessed through this URL: http://www.nscb.gov.ph/poverty/2009/tables_basic.asp

¹² 2011 data on the Contribution of Fisheries to the Economy, which can be accessed through this URL: http://www.bfar.da.gov.ph/pages/AboutUs/maintabs/stat-fishcontri_2011.html

Province	Poverty Incidence among Families (%) in First Semester, 2012	No. of CCT Beneficiaries	No. of CCT Beneficiaries who are Fisherfolk	No. of CCT Beneficiaries who are Inland Fisherfolk	No. of CCT Beneficiaries who are Marine Fisherfolk
Surigao del Norte	34.6	22,068	7,076	613	6,340
Surigao del Sur	31.8	36,691	8,851	1,872	6,697
Zamboanga del Norte	50.3	74,885	9,638	876	8,433
Sarangani	46.5	26,192	5,047	156	4,787
Apayao	59.8	7,895	1,393	1,354	4
Total		625,893	127,101	25,429	97,502

Source: NSCB, NAPC, RSBSA 2012. Municipality level data is available from NAPC.

^{a/} Data for Western Samar

5.3 Tourism Development Areas

For 2014-2015, the following **international gateway tourism clusters will continue to be the focal areas** for public investment support because of the need to complete the international airports and access roads in these clusters.

Strategic Tourism Cluster	Tourism Development Areas	Poverty Incidence among Families (%) in First Semester, 2012	Number of Unemployed & Underemployed in Region in 2012
Laoag – Vigan	Laoag-Pagudpud, Vigan	Ilocos Norte – 11.0 Ilocos Sur – 17.1	Underemployed - 373,000 Unemployed- 172,000
Central Luzon	Subic-Clark-Tarlac-Corregidor, Nueva Ecija, Pampanga, Bulacan, Zambales Coast, Bataan Coast & Inland, Aurora	Zambales –18.0 Pampanga – 6.4 Tarlac – 14.0 Cavite – 4.1 Nueva Ecija – 23.0 Bulacan – 6.7 Bataan – 7.3 Aurora – 30.7	Underemployed - 505,000 Unemployed- 384,000
Metro Manila & CALABARZON	Metro Manila, Nasugbu-Looc-Tarnate-Cavite Coast, Laguna de Bay, Batangas Peninsula, Quezon Coast and Islands	Metro Manila – 3.8 Cavite – 4.1 Batangas – 19.4 Laguna – 6.3 Rizal – 7.6 Quezon – 22.6	Underemployed - 849,000 Unemployed- 466,000
Bicol	Camarines & Catanduanes, Albay-Sorsogon-Masbate	Camarines Norte – 24.7 Camarines Sur – 33.5 Sorsogon – 32.1 Catanduanes – 27.1 Masbate – 44.2 Albay – 36.1	Underemployed - 780,000 Unemployed- 148,000
Palawan	San Vicente-El Nido-Taytay, Puerto Princesa, Southern Palawan, Busuanga-Coron-Culion	Palawan – 25.2	Underemployed - 282,000 Unemployed- 55,000

Strategic Tourism Cluster	Tourism Development Areas	Poverty Incidence among Families (%) in First Semester, 2012	Number of Unemployed & Underemployed in Region in 2012
Central Visayas	Northern Cebu-Bantayan-Malapascua, Metro Cebu-Mactan-Olango, Southern Cebu, Negros Oriental-Dumaguete-Siquijor, Tagbilaran-Panglao	Cebu – 22.4 Negros Oriental – 45.3 Siquijor – 24.6 Bohol – 32.5	Underemployed - 605,000 Unemployed- 224,000
Western Visayas	Metro Iloilo-Guimaras, Bacolod-Silay, Boracay-Northern Antique-Kalibo, Capiz	Iloilo – 21.9 Negros Occidental – 26.2 Aklan – 21.0 Antique – 32.1 Capiz – 25.4 Guimaras – 26.2	Underemployed - 659,000 Unemployed- 212,000
Cagayan de Oro Coast & Hinterlands	Camiguin, Cagayan de Oro-Misamis Oriental Coast, Iligan City/Lanao del Norte, Tangub Bay-Ozamiz-Oroquieta, Bukidnon	Camiguin – 34.9 Misamis Oriental – 25.0 Lanao del Norte – 42.5 Misamis Occidental – 36.6 Bukidnon – 43.3	Underemployed - 556,000 Unemployed- 95,000
Davao Gulf and Coast	Davao City-Samal Island-Davao del Norte, Davao del Sur, Compostela Valley-Davao Oriental	Davao del Norte – 30.9 Davao del Sur – 22.3 Davao Oriental – 48.0 Compostela Valley – 36.3	Underemployed - 335,000 Unemployed- 119,000

Source: NSCB, DOLE, DOT. Municipality and city level data is available from DOT.

6.0 GUIDELINES

- 6.1 All new and expanded programs to be included in the FY 2014 Budget Proposal to Congress shall be directed towards the objective of accomplishing rapid and inclusive growth. **Only those new and expanded programs/projects rating high on the programs listed in Section 4.0 shall be included in the final 2014 budget proposal.** Low ranking agency proposals shall be discarded and their resources shall be realigned to the high ranking ones.
- 6.2 The list of programs/projects shall be further narrowed down by matching their locations to the focus convergence areas enumerated in Section 5.0. All agency budget proposals shall have been submitted by April 15, 2013. However, **agencies can still refocus their budgets and flesh out lump sum amounts to activities in the priority geographical sites up to May 13, 2013.**
- 6.3 **The central offices of departments shall continue to guide and coordinate with their regional offices in determining the focus areas in each region, the intervention required, and the intensity of resource allocation.** This approach will provide for a more targeted and rational basis of

resource allocation for discussion with the Regional Development Councils, local government units, and other regional offices of agencies. Special focus shall be given to implementing the comprehensive ARMM Reform Program, in accordance with the Framework Agreement on the Bangsamoro.

- 6.4 To ensure a coordinated effort among the agencies participating/ contributing to the programs in Sections 4 and 5 above, the program budgeting approach shall be adopted. **The lead agencies identified in Annex B will gather their participating agencies to meetings to conduct a consistency check on assumptions, targets, beneficiaries, focus areas, and implementation timelines and resources.** The budget submission of the lead and participating agencies to DBM may be refined or amended as a result of the meeting. The lead agencies shall be responsible for accomplishing BP Form 201-Schedule D in NBM 115 that will lay out the comprehensive program expenditures. Annex B shall supersede Schedule D-1 in NBM 115.
- 6.5 To improve the quality of new programs and projects coming into the budget, the following aspects or features of **all new programs and projects shall be identified** using the attached form in Annex C:
- 6.5.1 Key outcome and output targets that will be achieved and their contribution to the 5 KRAs of the Administration under EO 43;
- 6.5.2 Strategies that will be supported and their potential impact in terms of number of beneficiaries, and impact on unemployment, poverty and climate change adaptation.
- 6.5.3 Spatial dimensions or geographical focus areas of the strategies – The geographical focus and specific locations (by region, province and city/municipality) of the programs/projects shall be identified;
- 6.5.4 Probable risks to be encountered in the program/project and measures which will be taken to mitigate the risks; and
- 6.5.6 Support needed from other departments to be able to implement the identified strategies, identifying the agencies and their role in the program/project.
- 7.0 **For immediate compliance.**


FLORENCIO B. ABAD
Secretary