

Mercado, Ruben G.

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Philippine Institute for Development Studies

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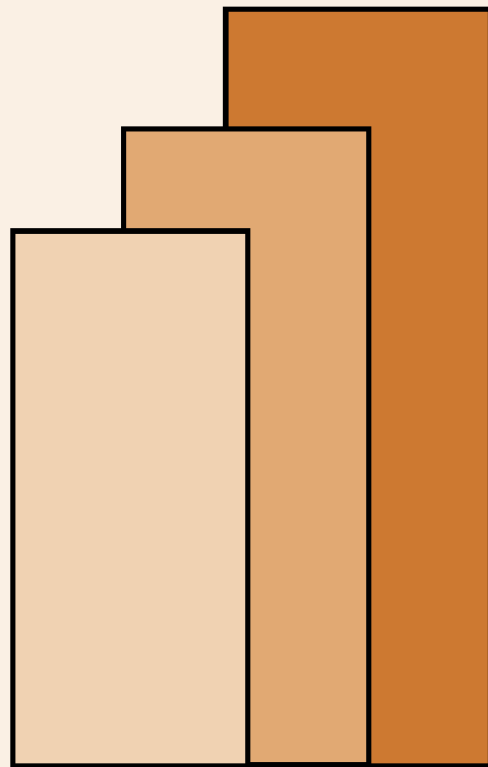
*Ruben G. Mercado*

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For comments, suggestions or further inquiries please contact:

**The Research Information Staff**, Philippine Institute for Development Studies  
3rd Floor, NEDA sa Makati Building, 106 Amorsolo Street, Legaspi Village, Makati City, Philippines  
Tel Nos: 8924059 and 8935705; Fax No: 8939589; E-mail: [publications@pidsnet.pids.gov.ph](mailto:publications@pidsnet.pids.gov.ph)  
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# REGIONAL BUDGET DETERMINATION AND ALLOCATION: A POLICY REVISIT

*Ruben G. Mercado*

## 1. INTRODUCTION

National leadership regimes over the past three decades have recognized regional development as an important policy thrust and strategy for national development. To enhance regional development, the practice of regional allocation became an integral part in the national government budgeting system. Thus, national government agencies have tried to consider allocating its limited resources to respond to the diverse needs and priorities of the country's regions for greater efficiency and effectiveness.

The last three decades saw the unique transformation and modifications of the policy and the practice of regional budgeting. **Table 1** shows a summary comparison of the policy goals, instruments and institutions adopted by the past government regimes in regional allocation. The system of regional budgeting adopted by each leadership can be classified along a continuum of centralized-decentralized system in accordance with the budgeting authority and powers vested the various levels of government in the entire regional budgeting process framework.

The practice of regional budgeting in the Philippines was an innovation introduced during the Marcos administration. The Marcos regime initiated the division of the country into twelve administrative regions, putting up regional offices of its executive departments, which eventually paved the way for regional allocation of the agency budget. The CY 1978 budget was the first effort at regional budget preparation. It has then set the stage for the adoption of regional budgeting and its further enhancement in the succeeding budget exercises. Regional budgeting during this period, though, was central agency determined and participation of sub-national institutions was insignificant.

The Aquino government, under a democratic and decentralized policy framework, pursued a top-down bottom-up approach in the budgeting process. Key principles include greater consultation at the lowest possible level and more equitable and efficient allocation in consideration of agency thrusts and the regions' level of development and needs. Thus, allocation criteria were formulated and defended by the agencies before the Regional Development Councils in finalizing its budget for the fourteen administrative regions.

The Ramos administration continued a decentralized budgeting approach but did not give emphasis to regional budget consultation in the same fervency as its predecessor (i.e. Agency-RDC consultations in Malacanang and in the regions were no longer held). Instead, during its incumbency, a regional block fund was pursued through the Regional Budget Allocation Scheme (RBAS). Through the RBAS, the RDC was hoped to have more substantial participation since instead of just reviewing the allocation determined by the

agency central office, they will have the authority to determine what programs and projects are to be funded and implemented in the region consistent with and in support of the region's development plan and investment program.

With the thrust of the new administration to pursue regional development as a means for and end of national development, it is imperative to assess regional budget allocation both in terms of process and its responsiveness to the diverse social and economic conditions of the regions. Lessons can be learned from the rich experience of regional budgeting during the past three decades that will help make the President's budget responsive to regional needs and priorities.

## **2. OBJECTIVES OF THE STUDY**

This study seeks to evaluate past and current policy and practice in regional budgeting with the end in view of suggesting policy directions to improve the same in succeeding budget exercises. In particular, the paper hopes to:

- a. Document in more detail the country's experience in regional budgeting since its operationalization;
- b. Analyze trends in regional allocation of selected implementing agencies over the recent years.
- c. Assess the method or allocation formula used by the executive agencies in regional budget determination;
- d. Evaluate the responsiveness of the agency regional budget to regional economic and social conditions in recent years; and
- e. Discuss areas for policy intervention relative to improving regional budget determination in general and the 2001 President's Budget in particular.

The agency regional budget to be analyzed will involve major agencies dealing with economic and social services as follows:

Economic Agencies:

*Department of Public Works and Highways (DPWH)*

*Department of Transportation and Communication (DOTC)*

*Department of Agriculture (DA)*

*Department of Agrarian Reform (DAR)*

*Department of Environment and Natural Resources (DENR)*

*Department of Trade and Industry (DTI)*

Social Agencies:

*Department of Education and Sports (DECS)*

*Department of Health (DOH)*

*Department of Social Welfare and Development (DSWD)*

The assessment of the effectiveness of the formula used by the agencies in their regional budget allocation will be done for those agencies whose allocation criteria or method have been formally documented or presented in national or regional budget consultations.

### **3. OVERVIEW OF REGIONAL BUDGETING IN THE PHILIPPINES**

Through the years, the practice of regional budgeting transcended the programmatic approach and took a more holistic and development-oriented perspective. This has been institutionalized with the fuller integration of sub-national budgeting in the Synchronized Planning Programming and Budgeting System (SPPBS) initiated during the Aquino administration. Initially, regional allocation was just a mere add-on procedure in the government budgeting system through plain allocation of a budget of the agency to its regional offices. Eventually, regional allocation adopted less simple procedure in an attempt to take into account national development goals and regional differences in priorities and needs.

#### *Pre-Martial Law Years<sup>1</sup>*

The 1935 Philippine Constitution provided the basis for fiscal process and decisions prior to the martial law period. Under the framework set forth by the 1935 Constitution, budget initiative shall come from the executive branch while budget approval is lodged with Congress. The Congress has absolute power and authority over project approval or disapproval as the budget is subjected to line-by-line scrutiny. It can even virtually abolish an agency by providing it with an extremely low appropriation that would make its existence unviable. Political maneuverings in the Congress affected the budget process to the extent that the final budget has become insensitive to the development requirements of the country.

#### *Martial Law Regime*

During the Marcos years, attempts were made to reform the fiscal process to avoid its being used for political gains and vested interest by powerful groups and to a higher pursuit of making the budget more responsive to development policies and programs. With the proclamation of Martial Law, Congress was dissolved and, therefore, the biggest obstruction to the budget process was eliminated. With the authoritarian government at the helm, the executive branch assumed full authority in the revenue and expenditure program. The budget is still reviewed by the legislative branch (National Assembly) but with limited powers and authority than that exercised by its predecessor. The legislative does not have

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<sup>1</sup> The historical accounts of the budget process and dynamics during the Pre-Martial Law and Martial Law years discussed in this section draw heavily from Montes (19\_\_) and Laya (1979).

the power to make budget increases but only to make reductions. It cannot abolish an agency as it is only empowered to reduce the budget of the agency to a positive value that would allow, at least, for its existence. While this reform remedied the inefficiencies of the previous democratic process, it virtually stripped the legislature of substantial fiscal powers.<sup>2</sup>

The Marcos government laid down the basic foundation of regional budgeting. The first major presidential issuance under Martial Law (Presidential Decree No. 1) became the take-off point for regional budget allocation. PD No. 1 entitled “Integrated Reorganization Plan”, reorganized the executive branch of the national government creating offices or units in the newly created administrative regions of the country. In consonance with this decree, budgeting has been supportive of a region-based government structure. Initial efforts in regional budgeting began to be carried out through Letter of Instructions No. 447 and 448 issued on August 12 and August 18, 1976, respectively. LOI 447 provided the basic institutional arrangements to guide regional budgeting. LOI 448 further stressed the inclusion of regional budgets in the national budget preparation as well as strengthened the administrative capacity for regional operations by providing for a set of minimum administrative powers of the regional directors of departments, bureaus and agencies of the executive branch. The Budget Reform Decree of 1977 (Presidential Decree 1177) entitled “*Revising the Budget Process In Order to Institutionalize the Budgetary Innovations of the New Society*” defined in stronger terms the national budget formulation within the context of a regionalized government structure, of a national long-term plan and of a long-term budget process. The introductory portions of the decree stipulated the budget policy and approach to effect the following: a stronger linkage in the planning, programming and budgeting sequence, a close operating relationship between budgeting and internal agency management, a regionalized budget that is supportive of a region-based government structure, a recognition that the national budget is only part of the integrated whole of a total national resource budget, and the need to prepare annual budgets as one step in implementing the national long-term plan and a long-term budget program. **Annex A** provides the specific sections of LOI Nos. 447 and 448 and PD1177 that relate specifically to regional budgeting.

### *Post-Martial Law Regime*

#### Aquino Regime

Regional budgeting has remained a vital part in budget preparation after the Martial Law regime. During the Aquino Administration, the practice has taken center stage in budget preparation in view of the democratic framework that the government has installed. While the Marcos regime has set the policy of the planning and budget linkage, in practice, the Medium-Term Philippine Development Plan and the Medium-Term Public Investment

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<sup>2</sup> Montes (undated) in summarizing the budget process approaches in the two historical periods, differentiated the pre-martial law years as adopting the democratic approach while the martial law period utilizing the corporate approach. The former approach vested the legislature with absolute powers to appropriate funds while the latter approach was characterized by the lack of control of the legislature on the fiscal decisionmaking process. Under the corporate approach, “all conflicts were resolved within the executive branch or within smaller groups where affected parties are compensated in another economic area.”.

Plan have not been major inputs to the annual budget. As a result, the annual budget, not the plan, carries the burden of program prioritization, project selection and scheduling.

On May 20, 1990, President Aquino issued Memorandum Order No. 295 : Directing the Adoption and Implementation of a Synchronized Planning and Programming and Budgeting System (SPPBS)” to provide the system and institutional framework for coordinating planning, programming and budgeting at the national, regional, sectoral, agency and local levels.

The SPPBS is an integrated and coordinated approach to planning, programming and budgeting activities. It involves the establishment of an institutional network, process and schedule that will govern the preparation and coordination of the content, form and manner of preparation of plans, investment programs and budgets at the national and sub-national levels.

In the past, preparation of plans, investment programs and the annual budget were undertaken separately, resulting in investment programs not being fully consistent with the plan and annual budgets not being fully supportive of the investment program. This is evident for instance in the bias of investment programs towards the National Capital Region (NCR) despite the regional development and dispersal thrust, as well as the lack of local counterpart funds for some priority projects under the Medium-Term Public Investment Program (MTPIP).

One of the major causes of the aforecited problem was the fact that planning, programming and budgeting functions of the government were undertaken by various agencies or units, principally the NEDA, DBM and various NEDA Board Committees with each one following its own timetable or calendar. The inconsistencies in the calendars or deadlines as well as the inadequate venues for integration and reconciliation of the various outputs have contributed to the problem. The participation of regional and local government officials in planning and decision-making have also been inadequate.

The need for the system was also in the light of the avowed policy of the government for decentralization with the recognition that greater participation of the Regional Development Councils (RDCs) and local government units in planning, programming and budgeting will ensure better delivery and greater accountability and public service.

The objectives of the SPPBS are as follows:

- to formulate an MTPDP which is operational and realistic based on existing resources;
- to coordinate development plan and investment program formulation with annual budget preparation;
- to establish the institutional framework to synchronized planning, programming and budgeting activities at all levels;
- to decentralize planning, programming and budgeting powers and authority.

The SPPBS supports the decentralization efforts of the government by encouraging a participatory approach to the overall development process. The system provides for stronger participation of RDCs and LGUs in planning, programming and budgeting and at the same time encourages central agency offices to assume stronger roles in policy formulation and performance assessment.

The SPPBS is expected to come up with the following: MTPDP, MTPIP, Regional Development Plans (RDPs), Regional Development Investment Programs (RDIPs), Local Development Plans (LDPs), Local Development Investment Programs (LDIPs) and budgeting outputs which include the National Expenditure Program (NEP), Regional Expenditure Program (REP) and the Budget of Expenditure and Sources of Financing (BESF).

The full implementation of the SPPBS are expected to result in more realistic planning targets consistent with the investment programs, more transparent, rational, systematic and focused process for resource allocation and improved accountability of government entities for their respective programs.

With the enactment of the 1991 Local Government Code, revised guidelines for the implementation of the SPPBS were formulated guided by the principle that national plans and investment programs shall be consistent with and complementary to regional or local plans and programs.

The Aquino regime initiated the budget consultations between the Agency Central Office and the Regional Development Councils held in Malacanang and in the regions. Each agency was required to present its budget allocation for the regions and the methodology used for such allocation.

#### Ramos Regime

The Ramos administration continued the regional budgeting process of the past regime. The RDCs were tasked to review and approve the annual and multi-year sectoral programs in the regions requiring national funding. These investment programs were used as basis for the preparation and review of the budget proposals of the Agency Regional Offices (AROs). The RDCs endorse the proposed ARO budgets to the DBM and the Central offices for inclusion in the national budget.

Many RDCs, however, raised the concern that actual budget allocations for the regions of the government agencies are not consistent with the annual investment program of their regions and the regional budgets they have endorsed. In view of this and in an effort to provide greater role to the RDCs in budget preparation and review process, the Regional Budget Allocation Scheme (RBAS) was approved for adoption starting in the 1995 Budget exercise. Under the RBAS, the Development Budget Coordination Committee (DBCC) shall set aside a Regional Allocable Fund (RAF) from the proposed budget ceiling for each year. This amount shall be allocated to the fifteen regions to fund programs and projects deemed by the RDCs as priority in their respective regions. These programs cover priority



inter-provincial and inter-regional projects which are not usually picked up for funding by the local government and/or national line departments. The scheme allows the RDCs to have more control of resources to address the region's most immediate concern or where they think investments can bring the greatest return or benefit.

The allocation of the RAF was proposed to be done using an allocation formula as agreed upon by the RDCs as follows:

- 50 % - poverty incidence
- 25 % - population
- 25 % - equal sharing

The determination of projects to be funded is based on the provisions of the National Budget Memorandum No. 65 dated 9 March 1994. In particular the following are the minimum requirements for RBAS funding:

- regional impact and covers two or more provinces;
- supportive of and consistent with priority subsector activities (PSAs) identified in the Regional Development Investment program (RDIP) of the concerned region and the 1993-1998 Medium Term Investment Program (MTPIP);
- should not entail recurring costs, e.g. maintenance and operating costs to the national government;
- should be completed within one year
- no acquisition of equipment and motor vehicles or construction of buildings shall be allowed as a result of the proposed project
- should be implemented by the national government agency's regional offices.

**Table 2** shows the share of each region and the agencies under the proposed P600 million RAF for the CY 1995 budget. This was the result of multi-sectoral consultation meetings conducted by the RDCs with the local government units, government agencies, NGOs and the private sector representatives.

However, the RAF did not meet a favorable reception from the legislative as it was perceived to be a form of election fund for the 1995 local poll despite efforts to explain the development objectives of the proposed fund. Attempts were made to pursue the scheme in the succeeding budget exercises but were stalled in the process.

#### **4. TRENDS IN REGIONAL ALLOCATION OF MAJOR IMPLEMENTING AGENCIES IN THE NINETIES**

Agency regional budgets from 1990-1999 were deflated using implicit price index based on 1990 prices to analyze regional budget trends and distribution. Relative to the 1990 budget, in real terms, the respective 1999 budget of DPWH, DOTC, DA, DECS increased while those of DAR, DENR, DTI, DOH and DSWD have declined (**Table 3**). In terms of allocation to the regions all agencies have increased except for DPWH, DOH and DSWD.

Experience in regional allocation of implementing agencies during this period showed that except for DA, DOTC, DTI and DSWD, more than half of the total budget of these agencies have been allocated to the various regions (**Table 4**). This historical experience applies to the present 1999 budget. The four aforementioned agencies have on the average less than thirty percent of its budget going to the regions. High coefficients of variation, however, were shown by all agencies implying significant deviation or fluctuation from the average regional budget over the ten-year period (**Table 3**). For instance, DA budget for the regions registered an all-time low of 8.8 percent in 1993 and a relatively high regional allocation in 1991 of 43.7 percent. DENR had the lowest allocation of 19.1 percent in 1990 and improved its allocation of 71.9 percent in 1996. DSWD showed the highest variability in terms of total regional allocation ranging from 70 million in 1994 to 494 million in 1992. On the other hand, DAR, DENR and DECS showed the lowest variability in both the regional budget and percentage share to total agency budget.

A significant positive relationship was shown to exist between regional allocation and total agency budget during the ten-year period as shown by high Pearson correlation coefficients (**Table 5**) except in the case of DAR, DENR and DTI. In other words, regional allocation moves in the direction of either the increase or decrease of total annual agency budget. However, as shown by weak correlation coefficients between percent change in regional allocation and total agency budget in succeeding budget years for some agencies like DOTC, DENR and DTI, the rate of increase or decrease in the regional budget of agencies has been observed to be disparate with respect to that of the total agency budget. Thus, in the case of DOTC, even though regional and total budget showed significant positive relationship, the rate at which total agency budget increases (or decreases) does not match with that of the budget allocated to the regions.

Low regional allocation across agencies occurred in the period 1992-1994. The decrease can be attributed to the nominal reduction in regional budget of the agency as a result of the full implementation of fiscal decentralization in accordance with the 1991 Local Government Code (see **Annex B** for list of agency functions devolved to LGUs). **Table 4** shows that during the period 1992-1994, LGU allocation increased considerably from 10 percent in 1992, 134 percent in 1993 and 42 percent in 1994 relative to the respective previous year's allocation.

**Table 3** shows that in the 1999 budget, the budgets of all the agencies under study were reduced relative to the previous year's except for DA and DTI. It may be mentioned though that DA's budget could have shown a decrease too if funds for GATT activities are excluded. The decline in the total agency budget seems to reflect in the decline in the 1999 regional allocation except in the case of DPWH, DOTC, DA and DSWD. In terms of proportion to total agency budget, however, all agencies except DA, DTI and DSWD increased their allocation to the regions.

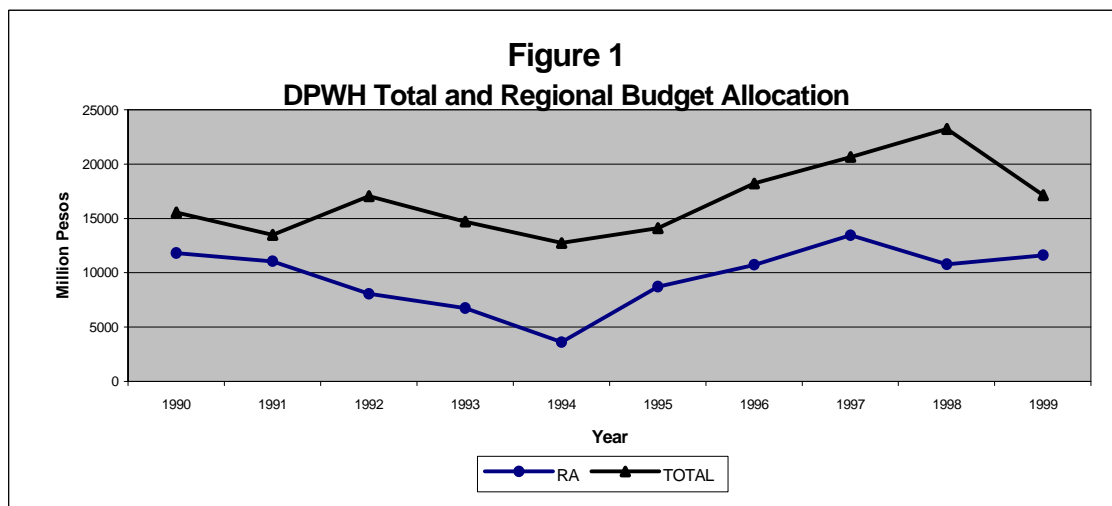
The nine agencies exhibited variations in its allocation to the fourteen regions of the country. However, some generalizations can be made with respect to the major island groupings, i.e. Luzon, Visayas and Mindanao. For all social agencies, the distribution conformed more or less to a 50-20-30 sharing for Luzon, Visayas and Mindanao,

respectively except for DOH which showed a 50-25-25 distribution. For economic agencies, the shares have been variable every year. Nevertheless, Luzon, in most cases, consistently received not less than half of the total allocation. Visayas and Mindanao usually share the remaining half. They also interchangeably share in the reductions whenever Luzon increases its share beyond 50 percent.

The following discusses in detail the regional allocation of each of the nine agencies under study.

#### 4.1 Department of Public Works and Highways (DPWH)

For the budget year 1990, total DPWH regional budget was 11.8 billion, representing about 76 percent of the total agency budget (**Table 6**). In the proceeding year, though total budget slipped by 13 percent, regional allocation was only slightly reduced and thus, its share to total budget registered an increase to an all time high of about 82 percent. The proceeding years saw the decline in regional allocation relative to total agency budget, the lowest being in 1994 when regional allocation was 3.6 billion, comprising only 28 percent of the total budget during that year. In 1999, total regional allocation has gone back to its 1990 level which is 11.6 billion but only represents about 68 percent, seven percentage points lower compared with the 1990 total agency allocation.



Except for the years 1992, 1998 and 1999, there is a direct relationship between regional allocation and total agency budget (**Figure 1**). In other words, when DPWH budget increases, regional budget increases.

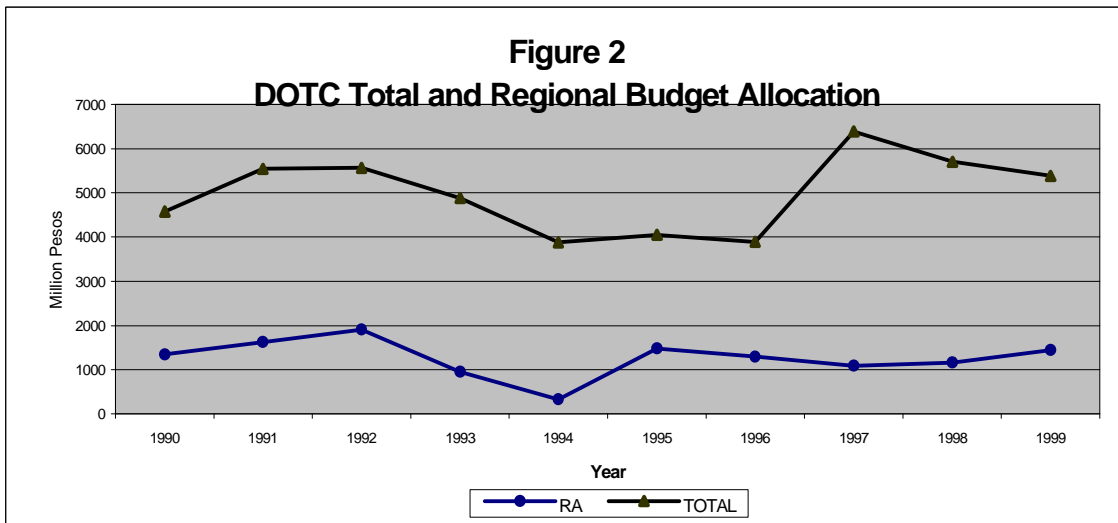
NCR and Region IV have constantly received the largest shares in the DPWH budget (**Table 6**). One can observe a significant differentiation in allocation as NCR and Region IV receive from about 20 percent to 50 percent of the regional budget while the rest of the regions receive less than 10 percent. Regions II and IX received less than 6 percent all throughout the ten-year period. However, Region VIII received 13.3 percent in 1994 and

14.1 percent in the 1999 budget. NCR dominated the share in the DPWH budget most especially in the years 1992-1994 when it received more than a third of the total regional allocation. From 1995 to 1997, NCR received about a quarter of the total allocation to the regions.

Luzon consistently received more than half of DPWH budget over the ten years under study. From 1992 to 1997, it obtained more than 60 percent of the total regional allocation. Visayas received a budget ranging from 15 to 20 percent from 1990-1998. In the 1999 budget, Visayas increased its share to 28 percent, a relatively similar portion of the pie that Mindanao received in 1998. This was mostly received by Region VIII. Mindanao may be observed to suffer the reduction in the share in the regional allocation from 1992 to 1997, the years when agency allocation favored Luzon, largely NCR investments. During those years, Mindanao received between 11 to 19 percent share compared with about 25 percent share in 1990 and 1991. Mindanao had its biggest share in 1998 of 27.8 percent, but plummeted to 18.3 in the 1999 budget.

#### 4.2 Department of Transportation and Communication (DOTC)

Total regional budget of DOTC ranged from 1.1 to 1.9 billion during the ten-year period except in 1993 and 1994 when regional budget plunged to 960 million and 326 million, respectively (**Table 7**). About 1.5 billion is allocated by the agency for the regions in the 1999 budget representing 27 percent of the total agency budget. This is close to the average regional allocation of the agency during the period under study. The highest recorded share was 36.6 percent in 1995 while the lowest was 8.4 percent in 1994.



Except for the latter period, 1996-1999, regional budget allocation has followed the trend in increase or decrease of the total agency budget (**Figure 2**). Noteworthy is the 64 percent increase in the total agency budget from 1996 to 1997 but did not translate to a concomitant increase in regional allocation. Rather, a reduction of two million in regional allocation was evident in the 1997 budget from previous year's allocation.

Unlike DPWH, regional distribution of the DOTC budget does not follow a distinct pattern. In other words, regions getting large shares in the agency budget vary from year to year; 1990: NCR (16 percent); 1991: NCR (19 percent), Region I (10.6 percent) and Region IV (10.2 percent); 1992: NCR (27.3 percent); 1993: Region VII (63.4 percent); 1994: NCR (14.5 percent) and IV (12.4 percent); 1995: Region VII (61.8 percent) and Region I (21 percent); 1996: Region I (31.4 percent) and Region XI (28.2 percent); 1997: Region I (44.7 percent); 1998: Region IV (12 percent); 1999: NCR (35.3 percent) and Region XI (14.8 percent).

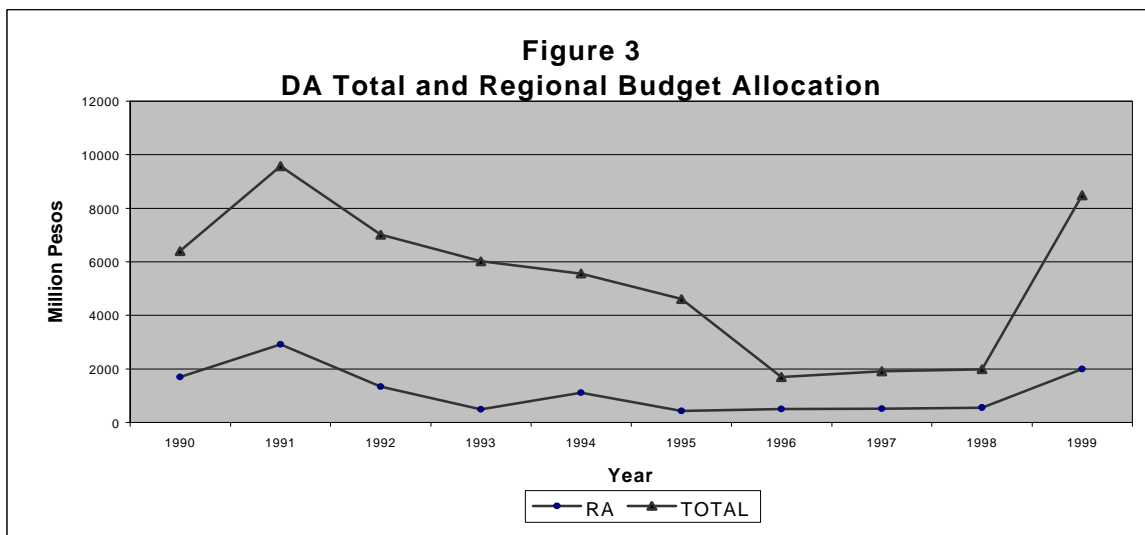
Luzon had consistently received not less than half of the total regional budget except in 1993 and 1995. During these years, more than 60 percent of the total regional budget went to the Visayas, more accurately, Region VII while Mindanao received its all time low budget of less than ten percent. Unlike Luzon, the share of Visayas and Mindanao showed differing shares each year. However, between the two Visayas has experienced peak shares of more than half of the total regional allocation of the agency compared with Mindanao which received its peak share of only 35 percent in 1996.

#### ***4.3 Department of Agriculture***

DA showed the largest variation among the economic agencies in regional allocation as revealed by the high coefficient of variation during the period 1990-1999 (**Table 3**). The highest allocation in 1991 was 2.9 billion representing 43.7 percent of the total budget while the lowest in terms of value was 432 million in 1995 and the lowest in terms of share was 8.8 percent in 1993 (**Table 6**). The big surge in the 1999 budget, both total and regional component, is attributed to the incorporation of funds for the GATT-related activities in the agency budget which has not been customary lumped in the preparation of the expenditure program in the previous years. In spite of the large component of the GATT funds in the 1999 DA budget, the two billion regional allocation in 1999 is almost a billion lower than that allocated in the 1991 budget.

Except in 1994 and 1996, regional allocation followed consistently the movement of the total agency budget during the ten-year period under study (**Figure 3**). During these years, regional allocation increased despite the reduction in the total agency budget.

A large proportion of the DA budget for the regions has consistently been given to Regions III and IV (except in 1999) (**Table 6**). In the case of Region III, the highest allocation is in the present 1999 budget (30.3 percent). Region IV has been allocated more than ten percent of the total regional allocation but shrank to 5.7 percent in the 1999 budget. Other regions which registered high shares during the ten year period include Regions VI (25.5 percent in 1994), Region VIII (15.8 percent in 1994 and 10.3 percent in 1999), Region XI (11.5 percent in 1993) and Region XII (14.1 percent in 1999).



While there has been a large variation in the total regional allocation during the ten-year period, the share of each major island grouping had been relatively consistent except in 1994 and 1999. The trend in allocation had been 50-20-25 for Luzon, Visayas and Mindanao, respectively. In 1994, there had been a surge in the allocation for Visayas, largely Region VIII, thus reducing the share of Luzon and Mindanao to 41 percent and 13 percent, respectively. In nominal terms, however, this does not translate to a reduction in the budget since the regional allocation during this year rose more than twice from the previous year. In 1999, Luzon held on to its 50 percent average share. However, the share of Visayas decreased to about 18 percent while Mindanao's share rose to 33 percent.

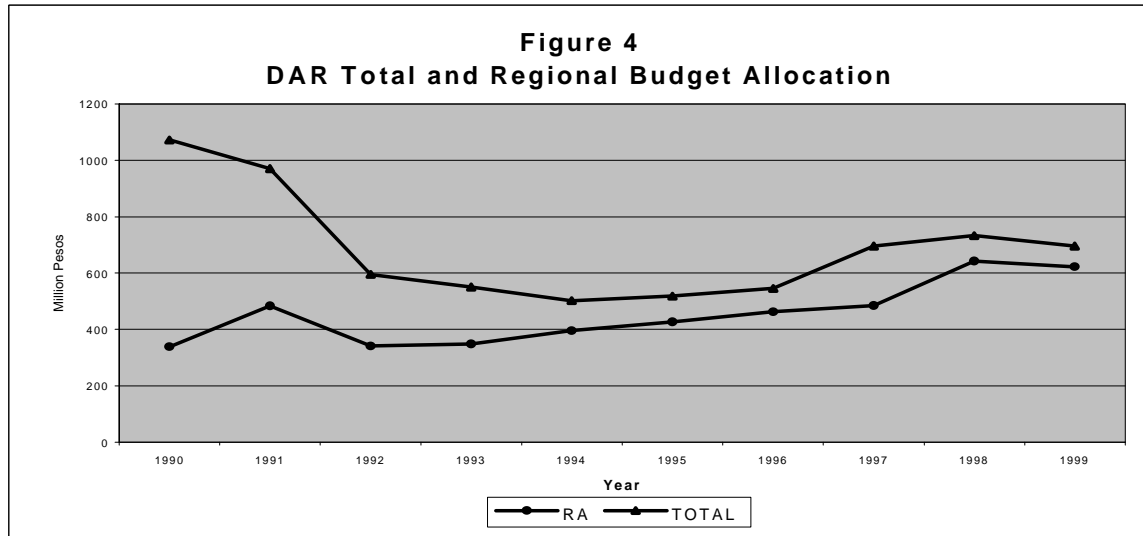
#### ***4.4 Department of Agrarian Reform***

During the ten-year period under study, DAR's total budget and its allocation to the regions have had a contrasting experience. Total agency budget almost halved in real terms from P1072 million in 1990 to 642 million in 1999. On the other hand, regional budget almost doubled from 336 million in 1990 to 623 million in the 1999 budget (**Table 7**). The biggest decline in the agency budget was in 1992 when the budget was reduced to 595 million. In contrast, the biggest increase in the regional budget was in 1991 and then again in the 1998 budget. The agency's regional allocation showed the least variability among the nine agencies under study as shown by its relatively low coefficient of variation (**Table 3**).

Total agency budget and regional allocation mirror the trend except in the years 1991, 1993 and 1994 (**Figure 3**). During these years, regional allocation increased despite a decline in the total agency budget from the previous year's budget.

There has not been great variability in the share of the various regions in the DAR budget during the ten-year period (**Table 7**). Regions III, IV and VI consistently have been allocated the largest share. Jointly, they comprise more than a third of the total regional allocation every year.

Not much variability can also be observed if one looks at the distribution by major island groupings. The average allocation can be somewhere around 50-25-25 for Luzon, Visayas and Mindanao, respectively.

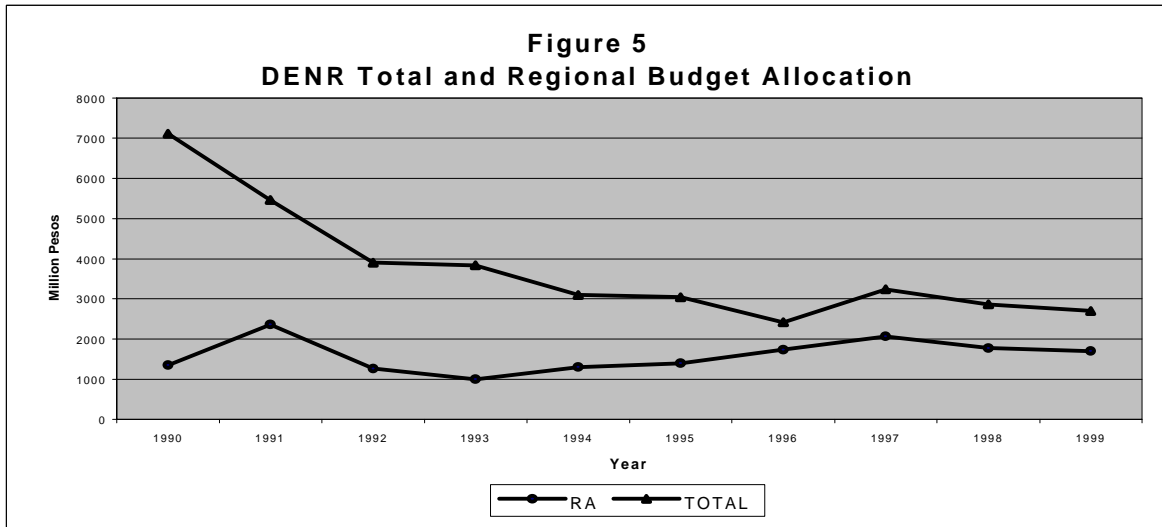


#### **4.5 Department of Environment and Natural Resources**

Total DENR budget declined from 7.1 billion in 1990 to 2.7 billion in 1999 (**Table 8**). The decline was most evident in 1991 and 1992 when agency budget was reduced by about 25 percent. Thereafter, further decreases have been evident. On the other hand, regional allocation showed the opposite trend. There has been a modest increase in regional allocation from 1.3 billion in 1990 to 1.7 billion in 1999, with some fluctuations during the period. **Figure 5** shows that in many instances, regional budget goes opposite the direction of the total agency budget particularly the increase in the former with the decline in the latter. Low and insignificant correlation coefficients show weak relationships between total and regional budgets as well as their respective rates of change in each succeeding budget period (**Table 5**).

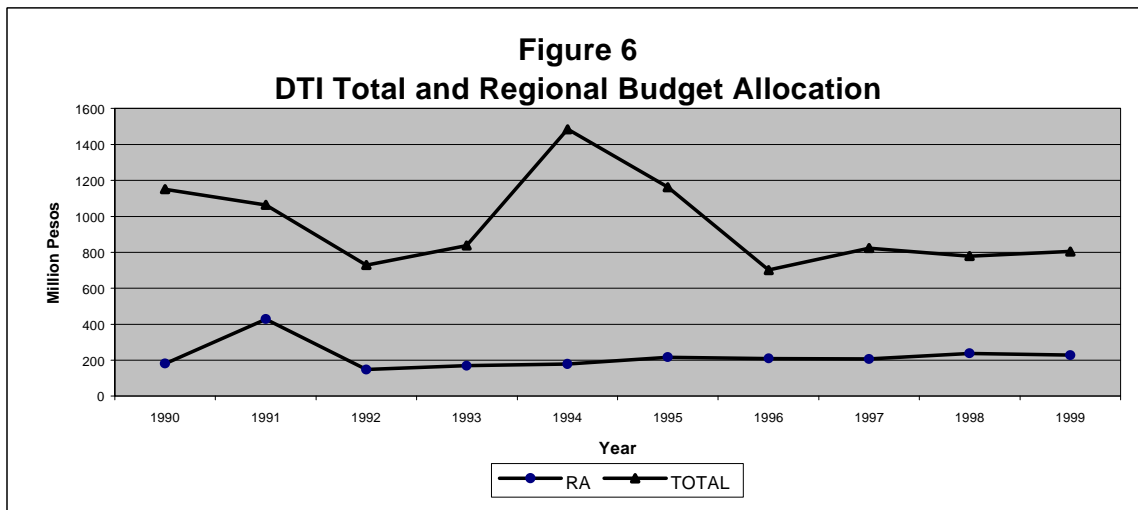
Regional shares in the total regional budget have consistently favored Region IV (Table 8). In some years, more than ten percent shares have been allocated to Region III (1990), Region X (1995), and Region VII (1997). The rest of the regions receive less than 10 percent allocation every year. The lowest allocation has been NCR although the region has been observed to have an increasing share in the allocation in recent years.

Analysis by island grouping showed a relatively stable share of around 50-20-30 for Luzon, Visayas and Mindanao, respectively.



#### 4.6 Department of Trade and Industry

During the period 1990-1999, DTI has only experienced modest increases in its total budget the biggest of which was in 1994 when it reached about 1.5 billion. Thereafter, the budget has slipped to less than a billion mark starting in 1996. (Table 9). Regional allocation has been almost pegged within a 200 million band throughout the ten-year period except in 1991 when it almost doubled from the previous year's allocation. However, the year after, it dipped lower than its 1990 level and years after stayed within the 200 million band starting in 1995. Figure 6 graphically shows that regional allocation except in 1991



remained in plateau while the total agency budget has been in constant leaps and dips from 1990 to 1997.

Regions that have dominated DTI's regional allocation in most years under study include Regions IV, III, XI, and VII (Table 9). In 1991, Region IV and Region VII took more than half of the total regional allocation. In 1993 Region IV received a quarter of the

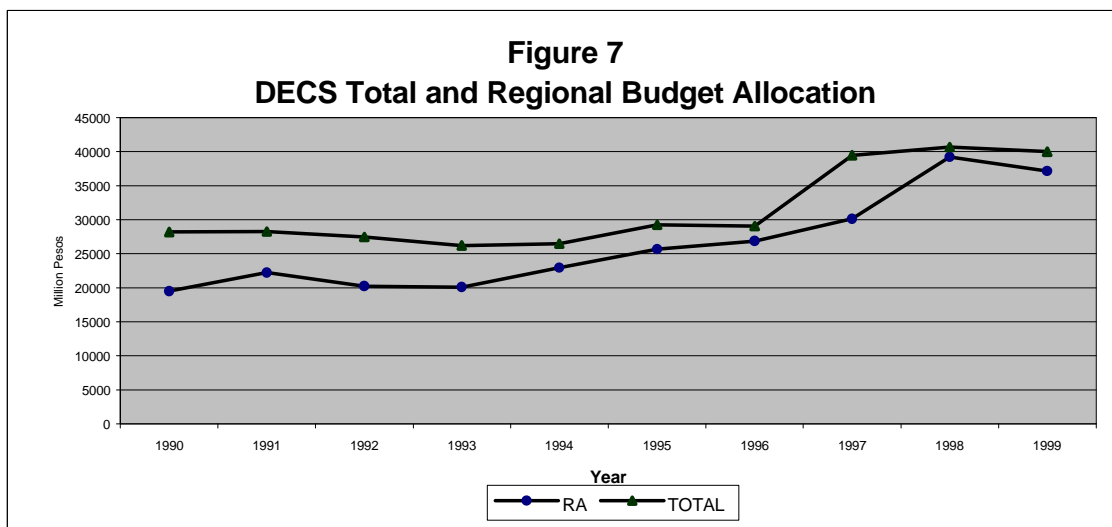


total allocation for the regions. In more recent years Regions V and VI have increased their shares to more than 7 percent.

Share for each island group reveals a more or less 50-20-30 distribution for Luzon, Visayas and Mindanao, respectively except for the years 1991 and 1993. During these years, Luzon received more than 60 percent. In 1991, Visayas received more than twenty percent while Mindanao took the remaining share. In 1993, their shares reversed.

#### 4.7 Department of Education, Culture and Sports

DECS' budget experienced more increases than reductions in its total budget during the past ten years. In 1990 total budget of the agency was 28.2 billion and has leaped to 40 billion in 1999 in real terms (**Table 10**). The reductions it experienced over the years have not been large ranging from one percent in 1996 to five percent in 1993 compared with increases ranging from three percent in 1998 to 36 percent in 1997.



Regional allocation increased from 69 percent of the total budget of the agency to 96 percent in 1998. This, however, declined to about 93 percent in 1999. In general, the increases (or decreases) in total agency budget has been reflected in the movement of allocations to the regions (**Figure 7**). High correlation coefficient shows the positive relationship between total and regional budgets in terms of amount and rates of change (**Table 5**). The coefficient on the latter is lower than that of the former as the rates of increase in regional allocation from each preceding year were observed to be higher than that of the total budget.

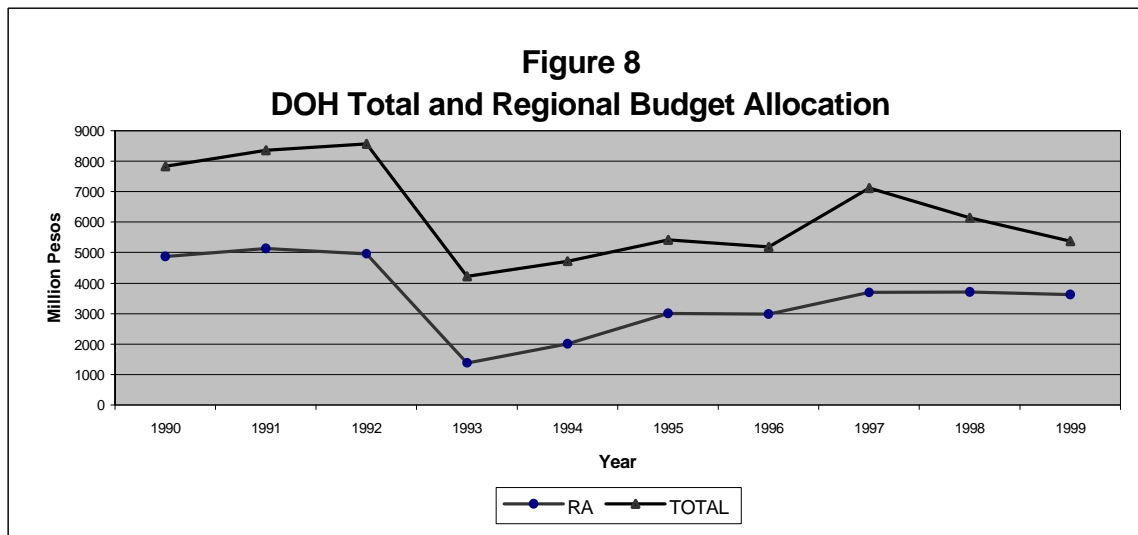
The shares of the regions have been relatively stable over the past ten years. The largest bulk of the budget goes to Regions IV, VI, and NCR which jointly comprise a third of the total regional budget. Starting in 1998, about 4 billion to 5 billion are given each of these regions. In the 1999 allocation, only Region I showed the largest reduction in share

from 7.4 percent in 1998 to 5.3 percent in 1999. This translates to a decrease of about a billion in its regional budget in the said year. While most budgets of the regions were reduced in 1999, modest increases in the budget were observed in Regions II, VIII, CAR and CARAGA.

Allocation by island group more or less conformed to the 50-20-30 distribution for Luzon, Visayas and Mindanao, respectively, except in 1994. During this year, the share of Visayas more than doubled reducing the share of Luzon to 41 percent and Mindanao to 13 percent.

#### 4.7 Department of Health

In real terms, total DOH budget declined from 7.8 billion in 1990 to 5.4 billion in 1999 (Table 11). The decline was prominent in 1993 when its budget was reduced to almost half that of the years before. The budget recovered in 1997 close to its 1990 level but declined again to its level in 1999. Regional allocation followed the trend in increases and decreases as shown graphically by Figure 8. The biggest regional allocation of 5.1 billion was in 1991 when total agency budget was at its peak of more than 8 billion. The largest percentage share of regional budget to total agency budget is in the 1999 budget wherein allocation to the regions comprise 67.4 percent translated to 3.6 billion pesos.

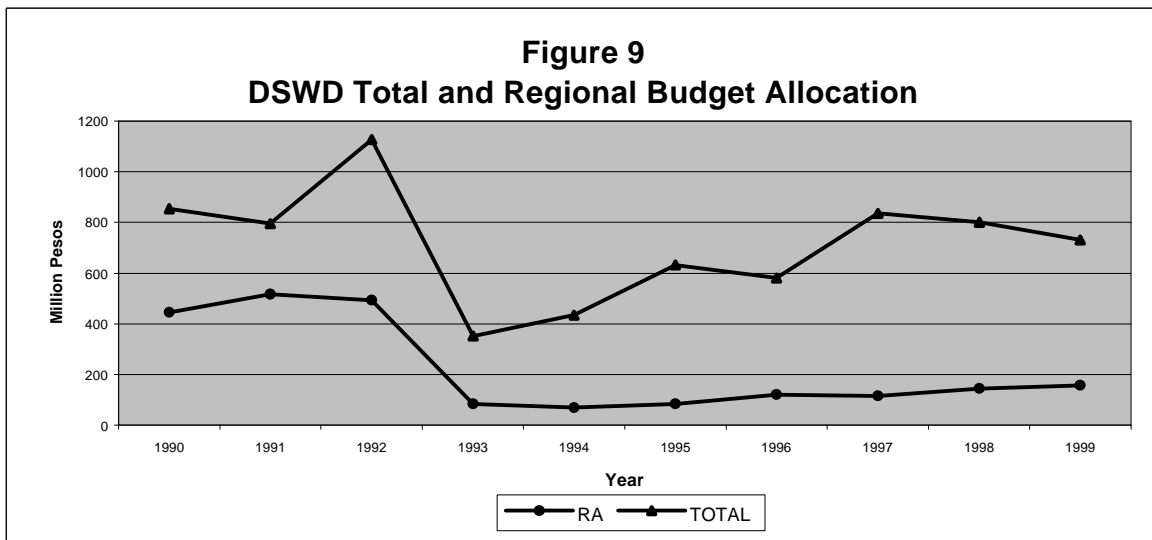


Regional shares have had a remarkable shift starting in 1994 (Table 11). Prior to this year, regional allocation was dominated by Region IV which got 13-14 percent of the total regional allocation. Starting in 1994 onwards, regional allocation has been dominated by NCR which gets more than 40 percent of the total budget representing more than a billion each year. Marked reductions in share were observed during these years for the following regions: CAR, II, IV, VIII, IX, X and XII. These regions receive less than 5 percent of the total regional allocation or, in 1999, less than 150 million.

From 1999-1993, the share in allocation of the three major islands approximately followed a 50-25-25 distribution for Luzon, Visayas and Mindanao, respectively. From 1994-1999, the distribution shifted to a 70-15-15 sharing. While the share of Visayas and Mindanao declined, in nominal terms they did not suffer a reduction. The percentage reduction in share was due to the increase in the total regional budget but the bulk of which has been allocated to Luzon, in particular, to NCR.

#### 4.9 Department of Social Welfare and Development

Total budget of DSWD has been variable during the past ten years (**Table 3 / Table 9**). The lowest budget was 352 million in 1993 plunging from the preceding year's budget of 1.1 billion, the highest during the period. The agency's budget in 1999 is 732 million lower than its budget in 1990 of 853 million. Regional allocation has been more variable. The biggest recorded regional budget was 516 million in 1991 and the lowest was 70 million in 1994. Starting in 1993, allocation to the regions declined to less than 25 percent of the total budget. In the 1999 budget, regional allocation is about 22 percent or 158 million pesos.



The regional budget has consistently been largely allocated to NCR and Region IV (**Table 9**). In 1999, the largest share has been given to Region III (14.7 percent). All the rest of the regions did not change much its allocation over the ten-year period.

In terms of allocation by island grouping, the pattern of distribution more or less approximates 50-20-30 sharing for Luzon, Visayas and Mindanao, respectively.

## 5. ASSESSMENT OF REGIONAL BUDGET ALLOCATION AND REGIONAL

## DEVELOPMENT SITUATION

How responsive are the regional budgets of implementing agencies to the development status of the country's regions? A two-period assessment is made on the regional budget of the agencies under study relative to their sensitivity to the regional economic and social development situation during those periods.

In particular, a set of regional socio-economic indicators relevant to the agency thrusts and functions were correlated with the regional budget for 1990 and 1999. The year 1990 was when regional allocation criteria were religiously utilized by agencies in arriving at the final regional budget for that budget year. The year 1999 represents the period when for most agencies these allocation criteria were no longer adopted. (**Annex C** provides the regional allocation methodology of each of the agencies. **Annex D** presents the official response of the agencies regarding the use or non-use of these methodologies in coming up with their allocation to the regions in the previous budgeting exercise. Except for DPWH (with a little modification), all the agencies no longer utilize the methodology they adopted in 1990. DECS, DOH and DSWD, however, did not give a formal reply.)

**Table 15** shows the summary of the correlation exercise. A comparative look at the coefficients of the two periods revealed a general weakening of the responsiveness of most of the regional agency budgets to the development situation of the regions. The most alarming result was the deterioration in the responsiveness of the DA's regional budget especially with respect to regional poverty and population engaged in farming and fishing. Similarly so with the Department of Health whose correlation coefficient almost reached unity with respect to regional poverty situation in 1990 but showed a negatively insignificant coefficient in 1999.

The following discusses the results shown in Table 15 for each agency.

### **Department of Public Works and Highways (DPWH)**

DPWH is the only agency under study which continues to use the allocation methodology it adopted in 1990 but with some modifications introduced for the 1999 allocation. The modifications introduced in the current methodology, i.e. eliminating the following variables: GRDP, GDP, population of region to total population of the country in the determination of infrastructure scarcity, only slightly weakened the relationship between these variables and the regional budget. While population has been eliminated in this formula component, it is still a major criterion in the overall allocation formula of the agency and, thus, the coefficient has remained positively significant.

DPWH did not indicate the reason for not including GRDP in the allocation criteria although it may be surmised as an attempt to favor less economically well-off regions in the budget allocation. The effect, though quite marginal, can be seen in the 1999 coefficients. Aside from GRDP and per capita GRDP, there was a reduction in the positive coefficients among the indicators such as average family income and road density and, conversely, an increase in the coefficients among the indicators such as irrigable area and unpaved roads.

The improvements in these coefficients have been, however, insignificant. One can observe even a further weakening of the relationship between the budget and regional poverty. These concerns may have to be considered by the agency in its current effort to improve its standing regional allocation formula.

### **Department of Transportation and Communications (DOTC)**

There is a strong tendency for regional budget of DOTC to favor more economically advanced and urbanized regions. This can be gleaned from the high positive coefficients among indicators such as domestic output, per capita output, family income, telephone density and number of registered vehicles. The coefficients have hardly differed in both years. As have been discussed in the previous section, large shares of the agency budget have been apportioned to highly urbanized regions including NCR, Regions IV, VII and XI. It has also been noted that the shares have varied from year to year during the ten-year period. These variations can be explained by the change in regional allocation policy of the agency when it ceased using the 1990 allocation formula and instead adopted a general policy of providing full-funding support to regions which have on-going and implementation-ready projects, both foreign-assisted and locally funded.

The only marked change in the coefficients between the two period is that of poverty which further weakened from 0.212 in 1990 to  $-0.069$  in 1999. One may, therefore, infer that the 1990 allocation methodology of providing commensurate funding to the regions to finish their programs about the same time as others has a positive effect on the economically lagging regions. Nevertheless, the insignificant coefficients registered in 1990 imply the need to improve the methodology especially in addressing the transport and telecommunication needs of the poorer regions.

### **Department of Agriculture (DA)**

The most disturbing result of the correlation analysis is DA's insensitivity to both economic and social indicators in its 1999 regional allocation.

The 1990 regional budget has favored regions contributing largely to total output as well as in gross value added in agriculture. Regional allocation during this year has also been sensitive to total land area and those regions having large alienable and disposable land which are potential areas for agricultural activities. Moreover, it has been responsive to regions more populous and having larger population engaged in agriculture. Similarly, it has been sensitive to regions having more low-income families. In contrast, the correlation coefficients in 1999 are all insignificant.

According to DA, the non-adoption of the 1990 formula started since the DBM already assigns pre-determined ceiling to its regional field units. In the past, this has been left to the discretion of the agency wherein the allocation formula, explicitly based on poverty and the potential of the region for greater agricultural productivity, was utilized. This, therefore, calls for a serious review of the current regional allocation practice of the

agency or at the least a reconsideration or the reapplication of the 1990 regional allocation methodology in future budget exercises.

### **Department of Environment and Natural Resources (DENR)**

Trend analysis in the previous section showed that the regional allocation of DENR improved from about 20 percent in 1990 to 63 percent in 1999. Since the bulk of this regional budget has remained largely for managing the forest ecosystem, it is expected that DENR's regional allocation would be highly correlated with forest-related indicators. The budget in 1999 has become more sensitive to the region's forest size compared to the 1990 budget. In contrast, the already weak consideration on the region's forest denudation in 1990 has further weakened in the 1999 budget. It cannot be ascertained whether this is reflective of the agency's priority in funding programs for maintenance of existing forest cover over the development of destroyed areas. On the social side, the regional budget has, nevertheless, continued to be poverty sensitive and has leaned more on lower family income regions.

DENR indicated that it no longer adopts the 1990 regional allocation method but mentioned that in allocating its budget it continues to consider the regions' environmental situation along with the absorptive financial capacity of its regional offices. However, no information has been gathered on how this is empirically determined.

### **Department of Trade and Industry (DTI)**

DTI's regional allocation in 1990 was strongly related to the region's population, poverty, GRDP and industrial output share of the region in the country's total industrial output. In contrast, this significant relationship with these variables and with the rest of the variables considered was not found in the 1999 regional allocation except for population and poverty.

DTI has ceased adopting the 1990 allocation criteria since it claims that it resulted in giving more funds to regions having less number of personnel and provincial offices. The higher coefficient registered between budget and population was a result of the decision to use per capita in allocating the DBM-determined baseline ceiling to the regions in 1999. However, it noted that using population criterion alone is not efficient since it does not consider the relative cost of doing business across regions. The allocation criteria is being reviewed to reconsider the present methodology as well as to take into consideration in the allocation criteria the attainment of the overall agency thrusts.

### **Department of Education, Culture and Sports (DECS)**

In 1990, except for student-teacher ratio in both elementary and secondary schools, DECS budget has been responsive to all the indicators analyzed relevant to the agency. In 1999, the coefficients imply responsiveness to all indicators except to those relating to secondary education in terms of participation rate, cohort survival and student-teacher ratio.

The increase in the coefficient with respect to poverty and number of elementary and secondary schools is noteworthy.

With respect to the school building program allocation to the regions, **Table 16** shows the summary correlation coefficient for the years 1990, 1996, 1997 and 1999. Distinct allocation criteria were used to allocate capital outlay of the DECS during these years (see Annex C). The 1999 budget used the allocation methodology in Section 4b of RA 7880 (“Fair and Equitable Access to Education Act” or more popularly known as the “Roxas Law”). Of the three allocation methodologies, the 1996 allocation showed the best fit with the most relevant education indicators including poverty, participation rate and student-school ratio. Positively significant coefficients were yielded by the regional budget with these indicators. In contrast, the 1990 allocation, although very highly correlated with student-school ratio showed weak correlation with poverty and participation rate. The 1997 allocation was strongly correlated with poverty but weak in both participation rate and student-school ratio. Expectedly, the 1999 allocation mirrored the 1997 coefficients in that it showed still a positive relationship with poverty and surprisingly showed even weaker and insignificant coefficients with respect to participation rate and student-school ratio.

The above results point to the need to review the present DECS capital outlay allocation among legislative districts based on RA 7880. The results of the analysis showed that Section 4a or the 1996 formula as a more responsive scheme than the allocation criteria in Section 4b presently being enforced. The 1996 allocation formula which puts greater weight on classroom shortages than on the size of the student population in the legislative district addresses the actual need of the area versus the expected demand for educational facilities.

This observation echoes the same concern raised in the legislative agenda for social reform in the 1999-2004 Medium-Term Philippine Development Plan to review the said law “due to noted weaknesses in allocating resources using the scheme” (i.e. the 1997 and onwards allocation as stipulated in Section 4b of the Act). The law has been evaluated to fail in addressing small areas that are equally disadvantaged educationally and in closing the gap between the well-endowed and less endowed areas.<sup>3</sup>

### **Department of Health (DOH)**

The 1990 regional budget was positively related to variations in population and poverty situation. This can be attributed to the allocation criteria the regional budget was subjected to during this budget year where these two indicators were the prominent variables considered. However, while the budget was not biased for economically rich regions as shown by the weak fit in GRDP nor in per capita GRDP, neither it showed significantly

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<sup>3</sup> An article in the Manila Bulletin (8 August 1999) cited that “...mayors noted that even the repair of school buildings costing P50,000 was being implemented without the merest coordination and consultations with them...What often happens...is that a school building would be constructed in a certain area where a school building already exists while another area, or *sitio* that urgently needs one continues to have no school house.”

positive fit with infant and maternal mortality rates as expected. The coefficient in the latter was even negative. This points to the basic weakness of the allocation methodology used.

The 1999 regional budget showed worse fit compared with that of 1990. It further strengthened the inverse relationship with maternal mortality rate, registered a negative relationship with infant mortality rate and became poverty insensitive. Inasmuch as the regional budget, with the agency's transfer of provision of primary health care services to the local government units, has been mainly appropriation for health facilities maintenance and operations particularly state-run hospitals, the more urbanized and economically richer regions where these facilities are located have received bigger budget. This explains the high correlation between the agency regional budget with GRDP and per capita GRDP.

The above findings call for a rethinking of the DOH regional allocation to rectify its seeming unresponsiveness to the health status and needs of the various regions. While the provision of basic health services has been relegated to the local government units as a result of devolution, the achievement of the basic health goals remains inherent in the agency's mandate. With its redirected functions and operations under E.O. 102 (24 May 1999), as the provider of specific health services and technical assistance provider for health, it will be able to undertake the necessary refocusing of its activities as well as address regional differences in health challenges through a more responsive budget allocation.

#### **Department of Social Welfare and Development (DSWD)**

The regional budget in 1990 showed stronger and better fit with all the indicators compared with the 1999 budget. However, in both years, the correlation with poverty was positively insignificant.

In both years, significantly direct relationship was shown between regional budget and the elderly population. The weakened relationship between regional budget and GRDP and per capita GRDP in the 1999 budget may indicate a deviation of bias for economically rich regions. It may not however be confirmed as to whether the budget has favored poorer regions as shown not only by the still positively significant coefficients between these indicators but also by the low correlation coefficient with respect to poverty and a significantly negative relationship with infant mortality rate. Moreover, while the coefficient in 1990 in the number of underweight children was positively insignificant, the inverse relationship in 1999 was unexpected.

Like DOH, the regional allocation of DSWD budget needs a careful review so that it will be more poverty sensitive as it is most expected among the government institutions to be so.

### **6. REGIONAL BUDGETING POLICY ISSUES AND RECOMMENDATIONS**

Two major problems in regional budgeting have gained prominence over the past years: *methodological* and *institutional*. The *methodological issue* concerns the alleged inconsistency of approved agency regional allocation to regional priorities identified in the



region's development plans and investment programs. This was attributed to either the inappropriateness or unresponsiveness of allocation criteria or method used by the agencies for allocating regional budget or the absence of such allocation methodology that render regional budget determination arbitrary. The *institutional issue* refers largely to the question of the role and power of the Regional Development Council (RDC) vis-a-vis national government agencies in regional budget determination. The review and recommendatory powers of the RDCs in the allocation of agency regional budgetary ceilings and in the review and approval of the annual and multi-year regional infrastructure programs and other sectoral programs requiring national funds are recognized in the past and current executive issuances. However, these roles or functions become irrelevant as actual budget allocation by the national agencies to their regional offices go parallel with the RDC recommendation.

### **Regional Budget Determination**

The determination of how much of the total agency budget will be allocated to the regions has always been dependent on the decision of the agency leadership. The common decision parameters are the agency thrusts and policies as well as the readiness and capability of the agency regional offices to administer the funds efficiently. This study revealed that the increase in allocation for regional activities largely depends also on whether the agency gets a raise in its total allocation for each budget year. Although this has not been found to be the case historically for DAR, DENR and DTI.

Most of the agencies under study have to a significantly large extent regionalized their budget. Agencies such as DPWH, DAR, DENR, DECS and DOH have allocated more than half of their total budget for the regions. In contrast, DA, DOTC, DTI and DSWD have historically kept their budget in the center allocating less than a third of its annual budget to the regions.

In the 1999 budget exercise, DA reported that the DBM indicated the ceilings for its Regional Field Units (RFUs). This procedure may create distortions in allocation and would be restrictive for the agency in managing its funds where it thinks can bring the most benefit or where they are most needed. The FY 2000 Budget Call has reverted back to the agencies the indicative expenditure levels as guide in the regional budget preparation. Nevertheless, the challenge remains for agencies to derive the optimal proportion of regional budget relative to their total agency appropriation. The concern is much so for the four agencies which have remained centralized. For agencies like DTI and DOTC whose programs are strategic and for DSWD where funds are normally centrally kept for disaster relief, it may be less difficult to understand the constraint for further increasing funds for regional activities. For DA, however, the concern may be more serious inasmuch as agricultural activities rests largely on the dynamism of agricultural sector in the regions which can only be enhanced if sufficient funds are made available. The need to seriously examine the seeming disproportionate allocation between centrally administered and regionally managed funds especially for DA is imperative.

### **Regional allocation**

The preceding analysis showed that use of regional allocation criteria had in one way or the other displayed its effectiveness in influencing the shape of the final regional

budget making it more sensitive to the region's development conditions. Thus, the need to revisit the respective agency's allocation criteria for future application in the succeeding budget exercises cannot be overemphasized.<sup>4</sup> The analysis showed some areas where improvements can be made on these methodologies. Despite the observed weaknesses, the application of the methodology has proven to be more responsive compared with its non-use. The absence of a logical criteria in allocation can surely lead to greater risks of inefficiency, unresponsiveness and inequity or even worsen the already adverse situation.

One of the problems identified why the continued adoption of the methodology has not become sustainable is the unavailability of updated statistical data needed for the allocation formula. Similarly, there is also an absence of a model that will take into account qualitative criteria such as for instance the relative comparative advantage or perhaps the relative competitiveness of the region in a particular development sector. The development of models or proxy indicators to capture less simple summary indicators to make the allocation methodology more rational can be a possible area for further research and study.

The use of formula may prove rational but at the same time there is a problem of absorptive capacity. It has always been asserted that rich regions always get more and poor regions shortchanged in the national budget. For instance, during the first LEDAC meeting under the Estrada administration, it was again raised that poor regions especially in Mindanao and Regions VIII, V and CAR receive lesser than the other regions. A strong argument offered concerns the region's absorptive capacity or the institutional capability to utilize the available resources. DBM admitted that the poorest regions have the lowest rate of fund utilization. Moreover, it was stressed that economic performance should be a reward rather than a punishment in setting the allocation rule. Thus, regions like Regions III and IV, aside from Metro Manila, should not suffer in the allocation process on the basis that they lead in per capita income, industrial capacity and economic dynamism.

Both arguments are valid. On the one hand, efficiency in the utilization of funds should be rewarded. On the other hand, the laggard regions must be helped to advance to the level of the more advanced regions not only by helping them catch up with the infrastructure and technology of the richer regions but also by building their institutional capacities for effective governance. In particular, agency regional offices should be empowered to be less dependent on central office but rather take on greater role in designing programs and projects and carrying out these programs more efficiently. This may happen if central office will provide the administrative environment and flexibility as well as financial resources accompanying these increased responsibilities and accountabilities.

It must be pointed out, though, that rich and poor regions may also require a relative differentiation in the priority services. For instance, poorer regions may need to be given greater priority in social development budget. On the other hand, specialized urban infrastructure may be required for highly urbanized regions performing international functions.

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<sup>4</sup> Related to this, according to a NEDA report, during the Technical Budget Hearing for the FY 2000 budget, only the infrastructure agencies were prepared to present the regional breakdown of their programs and projects. DPWH even discussed the regional allocation scheme currently under review by the agency.

## **Regional Budgeting Process, Institutions and Innovations**

The present budgeting process no longer considers regional budget consultation as a milestone activity in the entire budget preparation calendar as it has been in the last two regimes, most especially during the Aquino administration. Rather, it has become a procedural activity in the agency budget preparation. The FY 2000 National Budget Call issued in February 1999 provides for the following:

“The following items shall be incorporated in the agency proposals:

a. Regional/Spatial Dimensions

The regional spatial dimension of the budget shall be reflected in the agency budget such as region, province, district or municipality. Agency central offices shall provide indicative expenditure levels to their regional units as guide in the preparation of the regional budget. Regional Development Councils (RDCs) shall be consulted to ensure consistency of the proposal with Regional Development Investment Programs.”

The seeming lack of a mechanism for regional budget consultation has led the RDCs to reach a major agreement during the National Conference of the Federation of RDCs in April 1999 in Malacanang that:

“an administrative policy shall be formulated such that the DBM shall, before finalization of the government’s budget and its transmittal to Congress, consult the RDCs on the agreed budget allocation by region and by agency (for possible changes, provided any recommendation for realignment shall no longer affect the budgetary ceilings)”.

While the FY 2000 Budget Call provides for the RDCs to be consulted as part of the agency budget preparation, the actual process left the RDCs to design its own strategies (technical and political) to influence agency allocation for the region. The absence of a clear and organized framework for the various players in regional budgeting to harmonize its concerns may yield inequitable distribution in agency allocation for the regions. A more standardized system may have to be in place so that regional leaders and agency heads can interact face to face and, in a more transparent fashion, discuss budget allocation and prioritization. Planning-programming and budgeting linkages could be done in a cozy room than through the backdoor. Allowing the respective RDCs to design their own strategies to influence agency allocation for the region is a political gamble which not only entails risks but also tolerates fragmentation of development concerns. There is also a need to look into how spatial based budgeting can be operationalized than just merely listing where agency programs are to be located.

On the logistical side, a longer budget review should be proposed so that sufficient consultations can be made on the regional breakdown of agency budgets and to have ample time to explain and discuss the allocation scheme utilized for this purpose.

There may also be a need to venture into some budgeting innovations with the end in view of addressing the needs of the poorest regions. For instance, the Regional Budget Allocation Scheme (RBAS) or some similar schemes that have been proposed in the past but never been tried can be given an opportunity to show its effectiveness as a decentralized budgeting instrument. This scheme can be possibly pilot-tested in the poorest region in each of the major island groupings (i.e one in Luzon, one in Visayas and one in Mindanao) and

evaluate how it can be beneficial or can be improved for future application. A region may pertain to the traditional administrative region or it can be an amalgamation of a number of contiguous local government units. The Countrywide Development Fund of senators and congressmen can also be creatively used for this purpose.

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**Framework for Analyzing Policy Goals, Instruments and Institutions in Regional Budgeting**

<b>Continuum of Budgeting Authority and Powers</b>	<b>Policy Goal</b>	<b>Policy Instrument/Measure</b>	<b>Institution/s Involved</b>	<b>Leadership Regime</b>
<p><b>CENTRALIZED</b></p>  <p><b>DECENTRALIZED</b></p>	Meet national priority thrusts/objectives	Agency Determined Budget	Agency Central Office (ACO)	Marcos
	Achieve regional allocative efficiency and responsiveness	Agency Determined Budget Using Regional Allocation Criteria / Methodology	ACO Agency Regional Offices (AROs)	Aquino Ramos
	Achieve regional allocative efficiency and responsiveness with sub-national consultation and budget flexibility	Agency Determined Budget Using Regional Allocation Criteria / Methodology  Budget Consultation at the National and Regional Levels	ACO in consultation with AROs Regional Development Councils (RDCs)	Aquino Ramos
	Towards a more decentralized budgeting system and process	Regional Block Fund to be allocated by the regional body according to the region's priority needs and development objectives  CDF/CIA of Congressmen	RDC in consultation with ACOs and AROs  Congressional Representatives in consultation with LGUs	Ramos

**TABLE 2**  
**Proposed Regional Allocable Fund (RAF) in the 1995 President's Budget**

<i>REGION</i>	<i>AMOUNT (IN P MILLION)</i>	<i>AGENCY</i>	<i>AMOUNT (IN P MILLION)</i>
I	40.00	DA	48.580
II	35.80	DECS	2.000
III	41.20	DENR	11.990
IV	50.50	DOH	8.700
V	43.30	DPWH	401.453
VI	46.30	DOTC	91.950
VII	41.50	DOT	5.600
VIII	40.30	DTI	8.800
IX	34.60	DSAC*	3.927
X	41.20	ARGMM**	17.000
XI	42.10		
XII	32.05		
CAR	34.60		
NCR	44.50		
ARMM	32.05		
<b>TOTAL</b>	<b>600.00</b>		<b>600.000</b>

\* Don Severino Agricultural College

\*\* Autonomous Regional Government in Muslim Mindanao

**TABLE 3**

**REGIONAL AND TOTAL BUDGET ALLOCATION OF MAJOR IMPLEMENTING GOVERNMENT AGENCIES**  
 Amount in millions at constant prices  
 (Percent Change)

**REGIONAL ALLOCATION**

Agencies	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Average	Std. Dev.	CV
<b>Economic</b>													
DPWH	11789	11033	8070	6734	3616	8729	10711	13417	10785	11625	9651	2892	0.2996
		-6.4	-26.9	-16.6	-46.3	141.4	22.7	25.3	-19.6	7.8	9.0	54.8	6.0597
DOTC	1345	1626	1913	960	326	1482	1295	1089	1161	1449	1265	429	0.3390
		20.9	17.6	-49.8	-66.0	354.4	-12.6	-15.9	6.6	24.8	31.1	125.3	4.0264
DA	1693	2915	1334	486	1111	432	501	512	558	1999	1154	837	0.7250
		72.2	-54.2	-63.6	128.6	-61.1	15.9	2.3	8.8	258.6	34.2	105.6	3.0904
DAR	338	484	341	348	395	426	463	485	642	623	454	109	0.2404
		43.2	-29.5	2.0	13.5	7.8	8.6	4.7	32.5	-3.0	8.9	20.7	2.3351
DENR	1355	2357	1262	997	1308	1401	1736	2067	1773	1703	1596	410	0.2568
		73.9	-46.4	-21.0	31.2	7.1	23.9	19.0	-14.2	-4.0	7.7	34.8	4.5057
DTI	182	428	148	168	180	217	209	206	237	227	220	78	0.3545
		135.2	-65.5	13.9	6.9	20.3	-3.5	-1.2	14.9	-4.2	13.0	52.4	4.0348
<b>Social</b>													
DECS	19503	22238	20249	20140	22974	25670	26894	30106	39252	37155	26418	7063	0.2674
		14.0	-8.9	-0.5	14.1	11.7	4.8	11.9	30.4	-5.3	8.0	12.0	1.4980
DOH	4879	5137	4963	1380	2008	3005	2978	3696	3711	3626	3538	1249	0.3531
		5.3	-3.4	-72.2	45.5	49.6	-0.9	24.1	0.4	-2.3	5.1	35.6	6.9378
DSWD	445	516	494	85	70	84	122	116	145	158	224	183	0.8196
		16.1	-4.4	-82.8	-17.2	19.9	44.4	-4.5	24.5	9.2	0.6	36.2	63.6622
Average	41529	46734	38774	31298	31988	41446	44909	51695	58265	58566	44520	13250	3.6555
		12.5	-17.0	-19.3	2.2	29.6	8.4	15.1	12.7	0.5	117.6	477.4	96.1500

**TOTAL AGENCY BUDGET**

Agencies	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Average	Std. Dev.	CV
<b>Economic</b>													
DPWH	15523	13469	17058	14687	12750	14102	18193	20660	23206	17153	16680	3313	0.1986
		-13.2	26.6	-13.9	-13.2	10.6	29.0	13.6	12.3	-26.1	2.9	19.8	6.9362
DOTC	4574	5540	5571	4882	3875	4052	3890	6386	5703	5387	4986	868	0.1740
		21.1	0.6	-12.4	-20.6	4.6	-4.0	64.2	-10.7	-5.6	4.1	25.4	6.1549
DA	4710	6666	5681	5540	4449	4184	1193	1398	1426	6488	4174	2114	0.5065
		41.5	-14.8	-2.5	-19.7	-6.0	-71.5	17.2	2.0	355.0	33.5	124.4	3.7145
DAR	1072	971	595	551	503	518	545	695	733	696	688	195	0.2830
		-9.4	-38.7	-7.5	-8.7	3.1	5.2	27.5	5.5	-5.1	-3.1	17.6	-5.6230
DENR	7109	5461	3901	3836	3100	3042	2413	3238	2861	2702	3766	1457	0.3868
		-23.2	-28.6	-1.7	-19.2	-1.9	-20.7	34.2	-11.7	-5.6	-8.7	18.7	-2.1581
DTI	1151	1064	731	837	1485	1161	700	824	778	804	953	253	0.2649
		-7.6	-31.3	14.6	77.4	-21.8	-39.7	17.7	-5.6	3.3	0.8	34.7	44.4221
<b>Social</b>													
DECS	28178	28268	27450	26204	26467	29259	29096	39467	40712	40036	31514	5993	0.1902
		0.3	-2.9	-4.5	1.0	10.6	-0.6	35.6	3.2	-1.7	4.6	12.4	2.7292
DOH	7828	8359	8569	4227	4717	5426	5197	7115	6151	5376	6296	1565	0.2486
		6.8	2.5	-50.7	11.6	15.0	-4.2	36.9	-13.5	-12.6	-0.9	24.2	-26.5067
DSWD	853	795	1127	352	435	631	580	836	801	732	714	224	0.3140
		-6.8	41.7	-68.7	23.4	45.1	-8.1	44.1	-4.2	-8.6	6.4	36.8	5.7158
Average	70998	70595	70683	61116	57780	62376	61808	80620	82370	79374	69772	15981	2.5665
		-0.6	0.1	-13.5	-5.5	8.0	-0.9	30.4	2.2	-3.6	39.5	314.2	35.3850



**TABLE 4****REGIONAL ALLOCATION OF MAJOR IMPLEMENTING GOVERNMENT AGENCIES  
(In millions at constant prices)**

<b>Agencies</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>Average</b>	<b>Std. Dev.</b>	<b>CV</b>
<b><i>Economic</i></b>													
DPWH	11789	11033	8070	6734	3616	8729	10711	13417	10785	11625	9651	2892	0.2996
DOTC	1345	1626	1913	960	326	1482	1295	1089	1161	1449	1265	429	0.3390
DA	1693	2915	1334	486	1111	432	501	512	558	1999	1154	837	0.7250
DAR	338	484	341	348	395	426	463	485	642	623	454	109	0.2404
DENR	1355	2357	1262	997	1308	1401	1736	2067	1773	1703	1596	410	0.2568
DTI	182	428	148	168	180	217	209	206	237	227	220	78	0.3545
<b><i>Social</i></b>													
DECS	19503	22238	20249	20140	22974	25670	26894	30106	39252	37155	26418	7063	0.2674
DOH	4879	5137	4963	1380	2008	3005	2978	3696	3711	3626	3538	1249	0.3531
DSWD	445	516	494	85	70	84	122	116	145	158	224	183	0.8196
Average	4614	5193	4308	3478	3554	4605	4990	5744	6474	6507	4947	1472	0.4062
<b>LGU Allocation</b>													
Amount (in millions)	14070	8798	9664	22636	32059	25717	33225	38684	40372	43615	26884	12803	0.4762
% Change		-37.5	9.8	134.2	41.6	-19.8	29.2	16.4	4.4	8.0	20.7	48.7	2.3512

\* Correlation Coefficient of Regional Allocation and Total Agency Budget

**(As Percent to Total Agency Budget)**

<b>Agencies</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>Average</b>	<b>Std. Dev.</b>	<b>CV</b>
<b><i>Economic</i></b>													
DPWH	75.9	81.9	47.3	45.8	28.4	61.9	58.9	64.9	46.5	67.8	57.9	16.1	0.2775
DOTC	29.4	29.3	34.3	19.7	8.4	36.6	33.3	17.1	20.4	26.9	25.5	8.9	0.3495
DA	35.9	43.7	23.5	8.8	25.0	10.3	42.0	36.6	39.1	30.8	29.6	12.5	0.4215
DAR	31.5	49.8	57.3	63.2	78.6	82.3	85.0	69.7	87.6	89.5	69.4	18.9	0.2728
DENR	19.1	43.2	32.4	26.0	42.2	46.1	71.9	63.8	62.0	63.0	47.0	17.8	0.3797
DTI	15.8	40.2	20.2	20.1	12.1	18.6	29.8	25.0	30.5	28.3	24.1	8.3	0.3461
<b><i>Social</i></b>													
DECS	69.2	78.7	73.8	76.9	86.8	87.7	92.4	76.3	96.4	92.8	83.1	9.3	0.1119
DOH	62.3	61.5	57.9	32.6	42.6	55.4	57.3	51.9	60.3	67.4	54.9	10.3	0.1876
DSWD	52.2	64.9	43.8	24.1	16.2	13.4	21.0	13.9	18.1	21.6	28.9	18.1	0.6258
Average	43.5	54.8	43.4	35.2	37.8	45.8	54.6	46.6	51.2	54.2	46.7	13.4	0.3303

**TABLE 5**

**PEARSON CORRELATION COEFFICIENTS:  
TOTAL AGENCY BUDGET AND REGIONAL ALLOCATION  
1990-1999**

***AGENCY***

<b><i>Economic</i></b>	<b><i>Annual Budget</i></b>	<b><i>Percent Change</i></b>
DPWH	0.5722	0.2338
DOTC	0.3404	0.0673
DA	0.7726	0.7828
DAR	0.0693	0.4263
DENR	0.0034	-0.0029
DTI	0.0900	0.0855
<b><i>Social</i></b>		
DECS	0.9235	0.2594
DOH	0.9420	0.8578
DSWD	0.7113	0.4798

**TABLE 6****DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS****Regional Allocation****At constant prices****(in millions)**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
NCR	1400	1833	3276	2382	1453	2075	3033	3903	1226	1581
I	672	529	288	387	152	448	647	639	504	723
CAR	512	516	204	119	135	398	316	529	757	527
II	687	534	233	152	49	326	334	439	409	329
III	988	963	765	463	278	621	831	810	440	1104
IV	1224	1162	525	1066	262	1209	1276	2149	1695	1342
V	841	686	413	206	142	649	540	840	646	604
VI	702	746	248	203	100	490	656	732	973	842
VII	836	791	441	490	174	453	481	532	498	809
VIII	788	583	711	518	480	504	554	609	637	1635
IX	676	619	141	172	34	216	328	397	489	237
X	729	650	306	294	114	571	728	718	691	437
XI	902	857	399	209	158	466	550	521	981	677
XII	832	563	122	74	84	302	436	476	682	345
CARAGA	0	0	0	0	0	0	0	123	159	431
RA	11789	11033	8070	6734	3616	8729	10711	13417	10785	11625
TOTAL	15523	13469	17058	14687	12750	14102	18193	20660	23206	17153
% RA	75.9	81.9	47.3	45.8	28.4	61.9	58.9	64.9	46.5	67.8
%Change-RA		-6.41	-26.85	-16.56	-46.30	141.40	22.71	25.26	-19.62	7.78
%Change-Total		-13.23	26.64	-13.90	-13.19	10.61	29.01	13.56	12.32	-26.08

**Regional Share****(in percent)**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
NCR	11.9	16.6	40.6	35.4	40.2	23.8	28.3	29.1	11.4	13.6
I	5.7	4.8	3.6	5.7	4.2	5.1	6.0	4.8	4.7	6.2
CAR	4.3	4.7	2.5	1.8	3.7	4.6	3.0	3.9	7.0	4.5
II	5.8	4.8	2.9	2.3	1.4	3.7	3.1	3.3	3.8	2.8
III	8.4	8.7	9.5	6.9	7.7	7.1	7.8	6.0	4.1	9.5
IV	10.4	10.5	6.5	15.8	7.3	13.9	11.9	16.0	15.7	11.5
V	7.1	6.2	5.1	3.1	3.9	7.4	5.0	6.3	6.0	5.2
VI	6.0	6.8	3.1	3.0	2.8	5.6	6.1	5.5	9.0	7.2
VII	7.1	7.2	5.5	7.3	4.8	5.2	4.5	4.0	4.6	7.0
VIII	6.7	5.3	8.8	7.7	13.3	5.8	5.2	4.5	5.9	14.1
IX	5.7	5.6	1.7	2.6	0.9	2.5	3.1	3.0	4.5	2.0
X	6.2	5.9	3.8	4.4	3.2	6.5	6.8	5.3	6.4	3.8
XI	7.7	7.8	4.9	3.1	4.4	5.3	5.1	3.9	9.1	5.8
XII	7.1	5.1	1.5	1.1	2.3	3.5	4.1	3.6	6.3	3.0
CARAGA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	1.5	3.7
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
LUZON	53.6	56.4	70.7	70.9	68.4	65.6	65.1	69.4	52.6	53.4
VISAYAS	19.7	19.2	17.3	18.0	20.9	16.6	15.8	14.0	19.5	28.3
MINDANAO	26.6	24.4	12.0	11.1	10.8	17.8	19.1	16.7	27.8	18.3

**Per Capita Allocation****(in pesos)**

Luzon	188.0	180.3	161.0	131.4	66.3	149.5	178.1	232.4	138.7	148.5
Visayas	177.4	159.2	103.5	88.1	54.1	102.5	117.4	127.3	140.4	214.7
Mindanao	217.8	182.3	64.1	48.4	24.6	110.1	140.9	150.3	196.8	136.2

**TABLE 7****DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS****Regional Allocation****At constant prices****(in millions)**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
NCR	220	306	521	63	47	15	80	82	105	511
I	63	172	85	25	22	312	406	487	70	52
CAR	43	36	39	11	1	3	8	7	12	17
II	54	60	64	21	19	20	22	33	61	46
III	91	95	98	31	26	27	31	45	69	61
IV	117	166	133	37	41	37	51	64	139	97
V	83	100	129	24	22	23	121	59	103	59
VI	121	112	151	26	24	26	29	41	105	63
VII	112	131	172	609	27	915	59	98	104	69
VIII	94	107	107	25	24	24	35	44	100	62
IX	84	88	116	18	17	19	26	32	80	46
X	81	100	106	24	21	25	45	36	67	96
XI	108	82	110	28	20	21	365	36	79	214
XII	74	70	83	16	16	16	18	26	47	36
CARAGA	0	0	0	0	0	0	0	0	19	21
RA	1345	1626	1913	960	326	1482	1295	1089	1161	1449
TOTAL	4574	5540	5571	4882	3875	4052	3890	6386	5703	5387
% RA	29.4	29.3	34.3	19.7	8.4	36.6	33.3	17.1	20.4	26.9
%Change-RA		20.87	17.65	-49.82	-66.03	354.36	-12.61	-15.86	6.58	24.85
%Change-Total		21.13	0.55	-12.37	-20.62	4.57	-4.00	64.17	-10.70	-5.55

**Regional Share****(in percent)**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
NCR	16.4	18.8	27.3	6.6	14.5	1.0	6.2	7.5	9.1	35.3
I	4.7	10.6	4.4	2.6	6.8	21.0	31.4	44.7	6.0	3.6
CAR	3.2	2.2	2.0	1.2	0.2	0.2	0.6	0.6	1.0	1.2
II	4.0	3.7	3.4	2.2	5.8	1.3	1.7	3.0	5.3	3.2
III	6.8	5.9	5.1	3.3	8.1	1.8	2.4	4.1	5.9	4.2
IV	8.7	10.2	6.9	3.9	12.4	2.5	3.9	5.8	12.0	6.7
V	6.2	6.1	6.7	2.5	6.6	1.5	9.3	5.4	8.9	4.1
VI	9.0	6.9	7.9	2.7	7.5	1.8	2.2	3.8	9.0	4.3
VII	8.3	8.1	9.0	63.4	8.3	61.8	4.5	9.0	9.0	4.7
VIII	7.0	6.6	5.6	2.6	7.3	1.6	2.7	4.0	8.6	4.3
IX	6.2	5.4	6.1	1.9	5.2	1.3	2.0	2.9	6.9	3.2
X	6.0	6.2	5.5	2.5	6.4	1.7	3.5	3.3	5.7	6.6
XI	8.0	5.0	5.7	3.0	6.0	1.4	28.2	3.3	6.8	14.8
XII	5.5	4.3	4.3	1.7	4.8	1.1	1.4	2.3	4.1	2.5
CARAGA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	1.4
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
LUZON	49.9	57.5	55.9	22.2	54.6	29.4	55.5	71.3	48.2	58.1
VISAYAS	24.3	21.6	22.4	68.8	23.0	65.2	9.5	16.8	26.6	13.4
MINDANAO	25.8	20.9	21.7	9.0	22.4	5.4	35.0	11.9	25.2	28.5

**TABLE 8****DEPARTMENT OF AGRICULTURE****Regional Allocation****At constant prices****(in millions)**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
NCR	0	6	0	0	0	0	0	0	0	0
I	129	249	101	24	84	28	33	33	34	52
CAR	140	135	57	25	25	15	16	18	19	45
II	99	209	81	31	33	35	58	39	43	102
III	143	355	122	34	47	33	33	37	39	605
IV	240	358	219	106	238	66	78	85	91	113
V	121	221	113	37	30	29	36	40	40	66
VI	134	264	103	28	283	31	32	35	41	53
VII	107	183	91	38	48	39	46	47	52	93
VIII	121	176	94	28	175	33	36	40	43	207
IX	126	190	86	31	34	32	36	37	41	105
X	111	178	91	24	51	32	33	34	31	71
XI	105	213	96	56	33	32	33	35	39	75
XII	117	178	79	25	30	26	31	32	35	282
CARAGA	0	0	0	0	0	0	0	1	9	131
RA	1693	2915	1334	486	1111	432	501	512	558	1999
TOTAL	4710	6666	5681	5540	4449	4184	1193	1398	1426	6488
% RA	35.9	43.7	23.5	8.8	25.0	10.3	42.0	36.6	39.1	30.8
%Change-RA		72.19	-54.24	-63.58	128.63	-61.08	15.88	2.26	8.81	258.61
%Change-Total		41.53	-14.77	-2.49	-19.68	-5.96	-71.48	17.17	2.00	355.04

**Regional Share****(in percent)**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
NCR	0	0.2	0	0	0	0	0	0	0	0
I	7.6	8.5	7.6	4.9	7.6	6.6	6.6	6.5	6.1	2.6
CAR	8.3	4.6	4.3	5.2	2.3	3.5	3.2	3.5	3.4	2.2
II	5.8	7.2	6.1	6.4	3.0	8.0	11.5	7.5	7.7	5.1
III	8.4	12.2	9.2	6.9	4.3	7.7	6.7	7.2	7.0	30.3
IV	14.2	12.3	16.4	21.8	21.4	15.3	15.6	16.6	16.4	5.7
V	7.1	7.6	8.5	7.5	2.7	6.7	7.1	7.7	7.2	3.3
VI	7.9	9.1	7.7	5.8	25.5	7.1	6.3	6.8	7.4	2.7
VII	6.3	6.3	6.9	7.8	4.3	9.0	9.1	9.2	9.4	4.6
VIII	7.1	6.0	7.0	5.7	15.8	7.7	7.3	7.7	7.8	10.3
IX	7.4	6.5	6.4	6.3	3.0	7.4	7.3	7.2	7.3	5.2
X	6.6	6.1	6.9	4.9	4.6	7.4	6.6	6.7	5.6	3.5
XI	6.2	7.3	7.2	11.5	3.0	7.4	6.7	6.8	7.0	3.7
XII	6.9	6.1	5.9	5.2	2.7	6.1	6.1	6.3	6.2	14.1
CARAGA	0	0	0	0	0	0	0	0.2	1.6	6.5
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
LUZON	51.5	52.6	52.0	52.8	41.2	47.7	50.7	49.1	47.8	49.2
VISAYAS	21.4	21.4	21.6	19.3	45.6	23.9	22.7	23.8	24.6	17.7
MINDANAO	27.1	26.0	26.4	27.9	13.3	28.4	26.6	27.1	27.7	33.2

**Per Capita Allocation****(in pesos)**

Luzon	25.9	44.6	19.6	7.1	12.3	5.4	6.5	6.3	6.5	23.5
Visayas	27.6	46.8	21.3	6.8	36.3	7.3	7.9	8.3	9.1	23.1
Mindanao	31.9	51.5	23.3	8.8	9.3	8.7	9.2	9.3	9.5	34.0

**TABLE 9****DEPARTMENT OF AGRARIAN REFORM****Regional Allocation**

At constant prices

(in millions)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
NCR	0	0	0	0	0	0	0	0	0	0
I	30	33	25	25	28	33	36	38	49	47
CAR	8	19	14	14	16	16	18	18	25	26
II	23	32	21	22	23	28	28	29	39	37
III	44	75	54	54	64	72	80	78	102	97
IV	36	51	37	38	44	51	56	61	76	73
V	22	41	22	23	26	27	9	32	41	38
VI	36	45	37	38	43	47	54	56	72	70
VII	24	32	24	25	28	30	36	37	46	44
VIII	25	32	21	22	25	27	33	35	43	44
IX	22	26	20	20	23	21	25	26	33	32
X	19	31	18	19	21	21	26	27	23	22
XI	20	27	19	19	22	23	28	11	31	30
XII	29	41	29	29	33	30	35	35	45	45
CARAGA								1	18	17
RA	338	484	341	348	395	426	463	485	642	623
TOTAL	1072	971	595	551	503	518	545	695	733	696
% RA	31.5	49.8	57.3	63.2	78.6	82.3	85.0	69.7	87.6	89.5
%Change-RA		43.15	-29.52	2.05	13.53	7.85	8.65	4.69	32.47	-3.01
%Change-Total		-9.41	-38.69	-7.51	-8.73	3.05	5.20	27.53	5.48	-5.10

**Regional Share**

(in percent)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
NCR	0	0	0	0	0	0	0	0	0	0
I	8.9	6.7	7.2	7.1	7.0	7.8	7.9	7.8	7.7	7.6
CAR	2.4	3.9	4.2	4.1	3.9	3.7	4.0	3.8	3.8	4.2
II	6.8	6.6	6.1	6.2	5.8	6.5	6.0	6.1	6.1	5.9
III	13.0	15.4	15.9	15.6	16.1	17.0	17.2	16.0	15.9	15.6
IV	10.7	10.6	10.7	10.9	11.1	12.0	12.1	12.6	11.8	11.7
V	6.5	8.5	6.5	6.6	6.7	6.4	1.9	6.6	6.4	6.1
VI	10.7	9.4	11.0	10.9	10.8	10.9	11.6	11.5	11.2	11.3
VII	7.1	6.6	7.0	7.1	7.2	7.1	7.9	7.6	7.2	7.1
VIII	7.4	6.6	6.3	6.2	6.3	6.4	7.1	7.2	6.8	7.0
IX	6.5	5.3	5.8	5.8	5.8	4.9	5.4	5.3	5.1	5.2
X	5.6	6.4	5.4	5.6	5.3	5.0	5.6	5.6	3.5	3.5
XI	5.9	5.5	5.6	5.6	5.5	5.5	6.0	2.4	4.8	4.8
XII	8.6	8.5	8.4	8.4	8.4	6.9	7.5	7.3	7.1	7.2
CARAGA	0	0	0	0	0	0	0	0.2	2.8	2.8
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
LUZON	48.2	51.8	50.6	50.5	50.7	53.3	49.0	52.9	51.7	51.1
VISAYAS	25.1	22.5	24.2	24.2	24.3	24.4	26.6	26.3	25.1	25.4
MINDANAO	26.6	25.7	25.2	25.3	25.0	22.3	24.4	20.7	23.2	23.5

**Per Capita Allocation**

(in pesos)

Luzon	4.8	7.3	4.9	4.8	5.4	5.9	5.8	6.4	8.1	7.6
Visayas	6.5	8.2	6.1	6.1	6.9	7.4	8.5	8.7	10.7	10.3
Mindanao	6.2	8.4	5.7	5.7	6.2	6.7	7.8	6.7	8.6	8.2

**TABLE 10****DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES**

<b>Regional Allocation</b>										
<b>At constant prices</b>										
<b>(in millions)</b>										
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
NCR	31	56	32	28	41	43	46	61	66	63
I	94	117	83	67	75	84	122	143	115	106
CAR	72	169	103	80	93	103	130	173	128	136
II	110	160	97	79	92	102	120	129	151	138
III	136	169	121	89	96	103	128	138	131	119
IV	169	241	163	130	158	185	208	227	238	227
V	83	151	79	60	83	82	98	129	117	100
VI	89	194	85	63	119	99	162	140	124	112
VII	123	206	102	76	107	107	158	214	123	106
VIII	94	182	87	61	75	84	110	126	119	105
IX	88	166	72	57	70	79	83	98	108	101
X	103	203	94	86	106	140	128	173	116	100
XI	89	218	87	74	117	116	126	184	143	131
XII	74	124	57	46	77	75	117	131	94	88
CARAGA	0	0	0	0	0	0	0	0	0	72
RA	1355	2357	1262	997	1308	1401	1736	2067	1773	1703
TOTAL	7109	5461	3901	3836	3100	3042	2413	3238	2861	2702
% RA	19.1	43.2	32.4	26.0	42.2	46.1	71.9	63.8	62.0	63.0
%Change-RA		73.93	-46.43	-21.02	31.15	7.14	23.93	19.03	-14.22	-3.96
%Change-Total		-23.18	-28.58	-1.65	-19.20	-1.87	-20.66	34.17	-11.66	-5.56
<b>Regional Share</b>										
<b>(in percent)</b>										
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
NCR	2.3	2.4	2.5	2.8	3.1	3.1	2.7	3.0	3.7	3.7
I	6.9	5.0	6.6	6.7	5.7	6.0	7.0	6.9	6.5	6.2
CAR	5.3	7.2	8.1	8.1	7.1	7.4	7.5	8.4	7.2	8.0
II	8.1	6.8	7.7	7.9	7.0	7.3	6.9	6.3	8.5	8.1
III	10.0	7.2	9.6	8.9	7.3	7.3	7.4	6.7	7.4	7.0
IV	12.5	10.2	12.9	13.1	12.1	13.2	12.0	11.0	13.4	13.3
V	6.1	6.4	6.2	6.1	6.3	5.8	5.7	6.3	6.6	5.9
VI	6.6	8.2	6.7	6.3	9.1	7.1	9.3	6.8	7.0	6.6
VII	9.1	8.7	8.1	7.6	8.2	7.6	9.1	10.4	6.9	6.2
VIII	6.9	7.7	6.9	6.1	5.7	6.0	6.3	6.1	6.7	6.2
IX	6.5	7.1	5.7	5.7	5.3	5.6	4.8	4.8	6.1	5.9
X	7.6	8.6	7.4	8.7	8.1	10.0	7.4	8.4	6.6	5.9
XI	6.6	9.2	6.9	7.4	8.9	8.3	7.3	8.9	8.1	7.7
XII	5.5	5.3	4.5	4.6	5.9	5.3	6.7	6.4	5.3	5.2
CARAGA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
LUZON	51.3	45.1	53.7	53.6	48.7	50.0	49.1	48.4	53.3	52.2
VISAYAS	22.6	24.7	21.7	20.0	23.0	20.8	24.7	23.2	20.6	18.9
MINDANAO	26.1	30.2	24.6	26.4	28.2	29.2	26.2	28.4	26.1	28.8
<b>Per Capita Allocation</b>										
<b>(in pesos)</b>										
Luzon	20.7	30.8	19.1	14.7	17.1	18.3	21.8	25.0	23.1	21.3
Visayas	23.3	43.7	20.3	14.5	21.6	20.6	29.8	32.6	24.4	21.1
Mindanao	24.6	48.3	20.6	17.0	23.3	29.0	31.3	39.4	30.3	31.4

**TABLE 11****DEPARTMENT OF TRADE AND INDUSTRY****Regional Allocation**

At constant prices

(in millions)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
NCR	13	21	11	12	14	8	15	15	16	15
I	11	14	10	9	11	14	13	12	14	14
CAR	11	12	9	8	12	9	14	13	15	15
II	11	13	9	8	9	14	13	12	13	15
III	14	27	12	11	12	16	16	16	22	20
IV	20	163	15	43	18	22	21	18	22	22
V	13	16	10	10	13	15	15	16	19	18
VI	12	16	10	10	14	18	15	15	18	17
VII	12	68	10	9	13	16	14	15	17	15
VIII	11	13	10	9	11	16	13	13	15	15
IX	13	14	10	9	14	16	13	14	16	15
X	13	17	12	10	14	16	17	16	15	14
XI	15	19	13	12	16	22	19	20	22	20
XII	13	15	9	8	10	13	12	11	14	11
CARAGA	0	0	0	0	0	0	0	0	0	0
RA	182	428	148	168	180	217	209	206	237	227
TOTAL	1151	1064	731	837	1485	1161	700	824	778	804
% RA	15.8	40.2	20.2	20.1	12.1	18.6	29.8	25.0	30.5	28.3
%Change-RA		135.22	-65.46	13.90	6.85	20.31	-3.49	-1.20	14.91	-4.19
%Change-Total		-7.58	-31.33	14.55	77.44	-21.80	-39.70	17.71	-5.61	3.35

**Regional Share**

(in percent)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
NCR	7.1	5.0	7.5	7.1	7.5	3.8	7.2	7.1	6.9	6.8
I	6.0	3.2	6.5	5.3	6.0	6.7	6.1	5.8	5.8	6.2
CAR	6.0	2.8	5.9	4.9	6.8	4.1	6.6	6.3	6.3	6.4
II	6.0	3.0	5.9	4.9	5.3	6.4	6.1	6.1	5.6	6.6
III	7.7	6.4	8.1	6.6	6.8	7.6	7.5	7.6	9.2	9.0
IV	11.0	38.1	10.2	25.7	9.8	10.2	9.9	8.9	9.4	9.6
V	7.1	3.8	7.0	5.8	7.1	7.0	7.2	7.9	7.9	7.8
VI	6.6	3.8	7.0	5.8	7.9	8.4	7.2	7.1	7.5	7.4
VII	6.6	15.8	6.5	5.3	7.1	7.3	6.9	7.1	7.1	6.4
VIII	6.0	3.0	6.5	5.3	6.0	7.6	6.1	6.3	6.3	6.8
IX	7.1	3.2	6.5	5.3	7.5	7.3	6.4	6.6	6.7	6.8
X	7.1	4.0	8.1	6.2	7.5	7.6	8.0	7.9	6.5	6.2
XI	8.2	4.4	8.6	7.1	9.0	10.2	9.1	9.7	9.2	8.8
XII	7.1	3.4	5.9	4.9	5.6	6.1	5.8	5.5	5.8	5.0
CARAGA										
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
LUZON	51.1	62.3	51.1	60.2	49.2	45.6	50.6	49.7	51.0	52.5
VISAYAS	19.2	22.6	19.9	16.4	21.1	23.3	20.2	20.5	20.8	20.6
MINDANAO	29.7	15.0	29.0	23.5	29.7	31.1	29.3	29.7	28.1	26.9

**Per Capita Allocation**

(in pesos)

Luzon	2.8	7.7	2.1	2.8	2.4	2.6	2.7	2.6	3.0	2.9
Visayas	2.7	7.3	2.2	2.0	2.7	3.6	2.9	2.9	3.3	3.1
Mindanao	3.7	4.4	2.8	2.6	3.4	4.8	4.2	4.1	4.4	3.9



**TABLE 12****DEPARTMENT OF EDUCATION, CULTURE AND SPORTS**

<b>Regional Allocation</b>										
<b>At constant prices</b>										
<b>(in millions)</b>										
	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
NCR	2348	2671	2438	2253	2467	2901	2850	3203	3911	3859
I	1341	1524	1403	1415	1592	1716	2035	2133	2897	1974
CAR	473	510	477	504	549	594	609	709	901	913
II	866	910	808	823	973	1096	1160	1337	1664	1691
III	1684	1887	1874	1791	2084	2368	2539	2825	3813	3598
IV	2439	3028	2627	2575	3132	3553	3668	4022	5200	5037
V	1424	1641	1676	1566	1779	2022	2144	2423	3181	2942
VI	2146	2328	2075	2028	2513	2742	2855	3134	3969	3815
VII	1185	1302	1328	1300	1557	1721	1781	1998	2759	2597
VIII	1236	1305	1240	1189	1504	1655	1634	1860	2201	2214
IX	1013	1256	914	1023	1066	1140	1264	1412	1841	1780
X	1122	1259	1236	1233	1349	1518	1644	1898	1665	1548
XI	1214	1428	1339	1434	1573	1772	1798	2060	2765	2724
XII	1012	1189	814	1007	837	872	912	1091	1278	1184
CARAGA	0	0	0	0	0	0	0	0	1207	1278
RA	19503	22238	20249	20140	22974	25670	26894	30106	39252	37155
TOTAL	28178	28268	27450	26204	26467	29259	29096	39467	40712	40036
% RA	69.2	78.7	73.8	76.9	86.8	87.7	92.4	76.3	96.4	92.8
%Change-RA		14.02	-8.94	-0.54	14.07	11.74	4.77	11.94	30.38	-5.34
%Change-Total		0.32	-2.89	-4.54	1.00	10.55	-0.56	35.64	3.15	-1.66
<b>Regional Share</b>										
<b>(in percent)</b>										
	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
NCR	0	0.2	0	0	0	0	0	0	0	0
I	7.6	8.5	7.6	4.9	7.6	6.6	6.6	6.5	6.1	2.6
CAR	8.3	4.6	4.3	5.2	2.3	3.5	3.2	3.5	3.4	2.2
II	5.8	7.2	6.1	6.4	3.0	8.0	11.5	7.5	7.7	5.1
III	8.4	12.2	9.2	6.9	4.3	7.7	6.7	7.2	7.0	30.3
IV	14.2	12.3	16.4	21.8	21.4	15.3	15.6	16.6	16.4	5.7
V	7.1	7.6	8.5	7.5	2.7	6.7	7.1	7.7	7.2	3.3
VI	7.9	9.1	7.7	5.8	25.5	7.1	6.3	6.8	7.4	2.7
VII	6.3	6.3	6.9	7.8	4.3	9.0	9.1	9.2	9.4	4.6
VIII	7.1	6.0	7.0	5.7	15.8	7.7	7.3	7.7	7.8	10.3
IX	7.4	6.5	6.4	6.3	3.0	7.4	7.3	7.2	7.3	5.2
X	6.6	6.1	6.9	4.9	4.6	7.4	6.6	6.7	5.6	3.5
XI	6.2	7.3	7.2	11.5	3.0	7.4	6.7	6.8	7.0	3.7
XII	6.9	6.1	5.9	5.2	2.7	6.1	6.1	6.3	6.2	14.1
CARAGA	0	0	0	0	0	0	0	0.2	1.6	6.5
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
LUZON	51.5	52.6	52.0	52.8	41.2	47.7	50.7	49.1	47.8	49.2
VISAYAS	21.4	21.4	21.6	19.3	45.6	23.9	22.7	23.8	24.6	17.7
MINDANAO	27.1	26.0	26.4	27.9	13.3	28.4	26.6	27.1	27.7	33.2
<b>Per Capita Allocation</b>										
<b>(in pesos)</b>										
Luzon	314.3	352.6	319.2	300.8	337.3	372.0	382.9	415.6	526.8	478.6
Visayas	348.3	370.7	343.5	329.0	399.8	433.5	435.1	475.4	595.0	563.6
Mindanao	302.6	347.9	284.9	303.7	304.8	375.5	387.5	434.4	574.1	544.8

**TABLE 13****DEPARTMENT OF HEALTH**

<b>Regional Allocation</b>										
<b>At constant prices</b>										
<b>(in millions)</b>										
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
NCR	187	214	208	109	892	1309	1197	1557	1572	1462
I	321	341	351	71	72	120	108	164	180	193
CAR	222	214	227	70	78	118	114	116	129	138
II	255	273	291	89	77	106	121	156	151	165
III	466	489	494	122	102	158	178	231	198	197
IV	683	692	688	183	92	137	189	164	151	160
V	397	426	403	101	92	123	120	229	248	210
VI	457	480	450	122	117	169	186	204	214	205
VII	360	400	378	121	111	159	188	209	237	215
VIII	366	369	368	82	71	128	102	132	127	125
IX	272	293	241	80	76	104	119	148	112	125
X	328	343	344	64	64	108	99	147	95	134
XI	348	366	329	101	103	165	177	207	259	195
XII	217	238	192	63	60	100	78	33	37	101
CARAGA	0	0	0	0	0	0	0	8	15	74
RA	4879	5137	4963	1380	2008	3005	2978	3696	3711	3626
TOTAL	7828	8359	8569	4227	4717	5426	5197	7115	6151	5376
% RA	62.3	61.5	57.9	32.6	42.6	55.4	57.3	51.9	60.3	67.4
%Change-RA		5.29	-3.39	-72.19	45.49	49.64	-0.89	24.10	0.42	-2.30
%Change-Total		6.79	2.50	-50.66	11.57	15.04	-4.22	36.91	-13.55	-12.60
<b>Regional Share</b>										
<b>(in percent)</b>										
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
NCR	3.8	4.2	4.2	7.9	44.4	43.6	40.2	42.1	42.4	40.3
I	6.6	6.6	7.1	5.1	3.6	4.0	3.6	4.4	4.9	5.3
CAR	4.6	4.2	4.6	5.1	3.9	3.9	3.8	3.1	3.5	3.8
II	5.2	5.3	5.9	6.5	3.8	3.5	4.1	4.2	4.1	4.6
III	9.6	9.5	9.9	8.9	5.1	5.3	6.0	6.3	5.3	5.4
IV	14.0	13.5	13.9	13.2	4.6	4.5	6.3	4.4	4.1	4.4
V	8.1	8.3	8.1	7.3	4.6	4.1	4.0	6.2	6.7	5.8
VI	9.4	9.3	9.1	8.9	5.8	5.6	6.3	5.5	5.8	5.7
VII	7.4	7.8	7.6	8.8	5.5	5.3	6.3	5.6	6.4	5.9
VIII	7.5	7.2	7.4	5.9	3.5	4.3	3.4	3.6	3.4	3.4
IX	5.6	5.7	4.9	5.8	3.8	3.5	4.0	4.0	3.0	3.5
X	6.7	6.7	6.9	4.6	3.2	3.6	3.3	4.0	2.6	3.7
XI	7.1	7.1	6.6	7.3	5.1	5.5	6.0	5.6	7.0	5.4
XII	4.4	4.6	3.9	4.6	3.0	3.3	2.6	0.9	1.0	2.8
CARAGA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.4	2.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
LUZON	51.9	51.6	53.6	54.0	70.0	68.9	68.1	70.8	70.9	69.7
VISAYAS	24.2	24.3	24.1	23.6	14.9	15.2	16.0	14.7	15.6	15.0
MINDANAO	23.9	24.1	22.3	22.4	15.1	15.9	15.9	14.7	13.9	17.4
<b>Per Capita Allocation</b>										
<b>(in pesos)</b>										
Luzon	75.2	76.7	75.2	20.5	37.7	54.1	51.7	65.3	64.2	60.4
Visayas	90.2	93.8	88.4	23.7	21.4	32.3	33.1	37.0	38.5	35.6
Mindanao	80.8	84.1	73.2	20.0	19.1	33.8	32.7	36.5	33.9	40.3

**TABLE 14****DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT****Regional Allocation**  
At constant prices  
(in millions)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
NCR	61	61	57	13	8	17	20	11	14	15
I	26	30	31	5	3	4	6	7	8	8
CAR	18	20	21	4	4	4	5	5	6	8
II	20	26	25	4	6	4	6	6	7	9
III	32	37	36	6	5	6	9	9	12	23
IV	44	51	54	10	6	8	15	14	14	14
V	29	33	33	4	4	4	7	7	10	9
VI	32	39	37	5	5	5	8	8	10	10
VII	32	38	37	5	5	5	8	8	11	10
VIII	33	39	38	6	5	5	8	8	10	10
IX	32	40	33	6	5	6	8	8	11	11
X	34	42	39	6	5	8	8	9	10	10
XI	27	33	30	5	5	5	8	8	11	10
XII	25	28	25	5	5	4	7	8	10	10
CARAGA	0	0	0	0	0	0	0	0	0	0
RA	445	516	494	85	70	84	122	116	145	158
TOTAL	853	795	1127	352	435	631	580	836	801	732
% RA	52.2	64.9	43.8	24.1	16.2	13.4	21.0	13.9	18.1	21.6
%Change-RA		16.06	-4.42	-82.79	-17.18	19.87	44.42	-4.54	24.55	9.15
%Change-Total		-6.77	41.74	-68.73	23.41	45.12	-8.10	44.14	-4.24	-8.63

**Regional Share**  
(in percent)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
NCR	13.7	11.8	11.6	14.9	11.5	20.1	16.6	9.3	9.9	9.5
I	5.8	5.8	6.3	6.1	4.8	4.5	4.7	5.6	5.5	5.2
CAR	4.0	3.8	4.2	4.4	5.8	4.5	4.3	4.7	4.4	5.2
II	4.5	5.0	5.0	5.3	8.7	4.5	4.7	5.1	5.1	5.5
III	7.2	7.1	7.2	7.0	7.7	7.5	7.1	7.9	8.2	14.7
IV	9.9	10.0	11.0	11.4	8.7	9.0	12.3	12.1	9.9	8.9
V	6.5	6.3	6.6	5.3	5.8	5.2	5.7	6.1	6.8	5.8
VI	7.2	7.6	7.4	6.1	6.7	6.0	6.2	7.0	7.2	6.3
VII	7.2	7.3	7.4	6.1	6.7	6.0	6.6	7.0	7.5	6.6
VIII	7.4	7.5	7.7	7.0	6.7	6.0	6.6	7.0	6.8	6.3
IX	7.2	7.8	6.6	7.0	6.7	6.7	6.6	7.0	7.5	6.9
X	7.6	8.1	7.9	7.0	6.7	9.0	6.6	7.5	6.8	6.3
XI	6.1	6.3	6.1	6.1	6.7	6.0	6.2	7.0	7.5	6.3
XII	5.6	5.5	5.0	6.1	6.7	5.2	5.7	6.5	6.8	6.3
CARAGA										
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
LUZON	51.7	49.8	51.9	54.4	52.9	55.2	55.5	50.9	49.8	54.8
VISAYAS	21.8	22.4	22.5	19.3	20.2	17.9	19.4	21.0	21.5	19.3
MINDANAO	26.5	27.7	25.6	26.3	26.9	26.9	25.1	28.0	28.7	25.9

**Per Capita Allocation**  
(in pesos)

Luzon	6.84	7.46	7.23	1.27	1.00	1.22	1.72	1.48	1.76	2.07
Visayas	7.40	8.70	8.23	1.19	1.02	1.07	1.64	1.66	2.07	1.99
Mindanao	8.19	9.71	8.37	1.45	1.20	1.60	2.11	2.19	2.72	2.62

**TABLE 15**  
**SUMMARY RESULTS OF CORRELATION BETWEEN REGIONAL BUDGET AND SOCIOECONOMIC INDICATORS**

Agency / Indicator	1990	1999
<b>DPWH</b>		
GRDP	0.886	0.632
Population	0.868	0.695
Per Capita GRDP	0.662	0.464
Poverty	0.348	0.266
Average Family Income	0.759	0.548
Unpaved Roads	0.045	0.054
Road Density	0.678	0.520
Irrigable Area	-0.431	0.185
Land Area	-0.006	-0.020
Number of Provinces in the Region	-0.085	0.143
<b>DOTC</b>		
GRDP	0.926	0.917
Population	0.776	0.612
Per Capita GRDP	0.761	0.881
Poverty	0.212	-0.069
Average Family Income	0.761	0.870
Land Area	-0.324	-0.330
Telephone Density	0.853	0.929
Motor Vehicles Registered	0.887	0.908
<b>DA</b>		
GRDP	0.751	0.208
Population	0.702	0.233
Population Engaged in Farming and Fishing	0.406	-0.120
Per Capita GRDP	0.183	0.027
Poverty	0.560	-0.132
Average Family Income	-0.467	-0.037
Land Area	0.760	0.011
Alienable and Disposable Land	0.794	0.082
Percent A and D Land	-0.313	-0.045
Agriculture Share to Total GDP	0.664	-0.204
<b>DENR</b>		
GRDP	-0.247	-0.119
Population	0.262	0.303
Per Capita GRDP	-0.429	-0.239
Poverty	0.633	0.516
Average Family Income	0.319	-0.132
Land Area	0.704	0.872
Area Deforested	0.06	-0.105
Forest Size	0.343	0.752
Percent Urban	-0.219	-0.156
<b>DTI</b>		
GRDP	0.371	0.192
Population	0.625	0.632
Per Capita GRDP	0.224	-0.023
Poverty	0.675	0.709
Average Family Income	0.203	0.150
Industry Share to Total GVA Ind.	0.352	0.184
Services Share to Total GVA Serv.	0.189	0.070
Industry Share to Total GDP	0.172	0.029
Services Share to Total GDP	-0.105	0.058
<b>DECS</b>		
GRDP	0.740	0.613
Population	0.940	0.935
Per Capita GRDP	0.413	0.331
Poverty	0.657	0.758
Average Family Income	0.574	0.478
School-going Population	0.931	0.982
Participation Rate - Elem.	0.508	0.417
Participation Rate - HS	0.542	0.195
Functional Literacy Rate	0.572	0.574
Cohort Survival Rate - Elem.	0.633	0.490
Cohort Survival Rate - HS	0.593	0.095
Simple Literacy Rate	0.308	0.632
Total No. of Elem and Sec. Schools	0.315	0.539
Total No. of Teachers	0.982	0.987
Student-School Ratio- Elem	0.559	0.402
Student-School Ratio- Sec.	0.588	0.425
Student-Teacher Ratio- Elem	-0.251	0.308
Student-Teacher Ratio-Sec.	0.046	-0.112
<b>DOH</b>		
GRDP	0.025	0.930
Population	0.580	0.553
Per Capita GRDP	-0.272	0.921
Poverty	0.904	-0.186
Average Family Income	-0.136	0.918
Infant Mortality Rate	-0.113	-0.693
Maternal Mortality Rate	-0.379	-0.642
<b>DSWD</b>		
GRDP	0.908	0.468
Population	0.792	0.627
Per Capita GRDP	0.749	0.325
Poverty	0.267	0.216
Average Family Income	0.760	0.520
Unemployment Rate	0.877	0.532
Infant Mortality Rate	-0.455	-0.620
Underweight Children	0.161	-0.338
Population Over 65	0.542	0.506

**TABLE 16****SUMMARY RESULTS OF CORRELATION BETWEEN REGIONAL ALLOCATION OF SCHOOL BUILDING PROGRAM AND EDUCATION RELATED INDICATORS**

Indicator	1990	1996	1997	1999
GRDP	0.906	0.724	0.436	0.365
Population	0.731	0.916	0.821	0.747
Per Capita GRDP	0.793	0.476	0.176	0.134
Poverty	0.206	0.599	0.712	0.683
Average Family Income	0.733	0.612	0.343	0.250
School-going Population	0.725	0.933	0.899	0.788
Participation Rate - Elem.	0.144	0.436	0.353	0.161
Participation Rate - HS	0.413	0.418	0.151	0.118
Functional Literacy Rate	0.456	0.677	0.479	0.407
Cohort Survival Rate - Elem.	0.379	0.601	0.457	0.364
Cohort Survival Rate - HS	0.150	0.242	0.120	0.223
Simple Literacy Rate	0.386	0.695	0.468	0.224
Total No. of Elem and Sec. Schools	-0.134	0.328	0.557	0.460
Total No. of Teachers	0.751	0.924	0.881	0.718
Student-School Ratio- Elem	0.828	0.566	0.213	0.135
Student-School Ratio- Sec.	0.803	0.559	0.228	0.127
Student-Teacher Ratio-Elem	-0.104	0.341	0.431	0.613
Student-Teacher Ratio-Sec.	-0.280	-0.080	0.202	0.212

## ANNEX A

### *Detailed Provisions of LOI Nos. 447 and 448 and PD 1177*

#### **LOI 447**

1. *All department and agency heads shall*
  - a) *ask their regional offices to evolve their respective regional budgets in conformity with the priorities established by Regional Development Councils;*
  - b) *involve said regional offices in the preparation of the department or agency budget; and*
  - c) *prepare itemizations of proposed budgetary expenditures by region*
2. *The Commissioner of the Budget shall*
  - a) *identify by region the expenditure programs of national government agencies in the national government budget; and*
  - b) *release funds to national government agencies in accordance with the approved regional distribution of expenditures, specifying the region of destination. Information on such releases shall be furnished to the Regional Directors and to the Chairman of the Regional Development Councils.*

#### **LOI 448**

*Section 6. An explicit regional orientation shall be reflected in the national budget for subsequent fiscal years, whereby funding authorizations for both operating expenses and development projects are clearly indicated for the various regional offices.*

*Section 7. Planning units or planning positions shall be established or provided, whenever necessary and indicated, in the regional offices through the budgetary process. Pending this, authorization is given in the meantime for agencies to designate regional planning officers from among qualified officials in their respective regional offices. Said regional planning officers shall be responsible for providing staff assistance to the regional directors in the development of regional plans for their respective sectors and shall for this purpose maintain liaison and coordinate with and provide assistance as necessary to the NEDA regional planning staffs in the various regions.*

#### **PD 1177**

*Section 6: Regional Budgeting. The budgets of national government agencies shall take into full and explicit consideration the goals, plans and requirements of their respective regional offices, in the interest of full government response to local thinking and initiative. The Budget preparation*

*process shall originate at regional and local levels, and shall be consolidated and reviewed by the central offices of the various national agencies. The regional development strategies and plans including physical framework and resource-use plans, shall be considered in the preparation of the budget.*

*Section 17. Regional Budgets. The budgets of national government agencies shall be prepared taking into full and careful consideration the opportunities and requirements specific to the various regions of the country. Where they are organized, regional offices shall originate agency budget proposals, in accordance with approved priorities and guidelines.*

*Agencies which are not regionalized shall nonetheless estimate the amounts planned to be spent for each region of the country.*

*The Commissioner shall identify by region the expenditure programs of the national government agencies in the national government budget, and release funds to national government agencies in accordance with the approved regional distribution of expenditures, specifying the region of destination.*

*Departments and agencies shall sub-allot in full and without the imposition of reserve, the approved budget allocation of their various regional offices....*

*Section 38e. Allotment of Appropriations. Releases of funds appropriated for a given agency may be made to its Regional Offices where dictated by the need and urgency of regional activities.*

**ANNEX B**  
**Agency Functions Devolved to Local Government Units**  
**Per 1991 Local Government Code**

**DA:**

Agricultural and fishery extension services  
Regulation of agricultural and fishery activity  
Conduct of agricultural and fishery research activities  
Procurement and distribution of certified seeds  
Purchase, expansion and conservation of breeding stocks  
Construction, repair and rehabilitation of water impounding systems  
Support to Fishermen, including purchase of fishing nets and other materials

**DENR**

Forest management Services  
Mine and geosciences services  
Environmental Management Services  
Reforestation Projects  
Integrated Social Forestry projects  
Watershed Rehabilitation Projects

**DPWH**

Repair and maintenance of infrastructure facilities  
Water Supply Projects  
Communal Irrigation Projects

**DOTC**

Telecommunication Services  
Transportation Franchising and Regulatory Services

**DTI**

Promotion and development of trade, industry and related institutional services

**DOH**

Extension of medical and health services through provincial health office, district, municipal and medicare community hospitals  
Purchase of drugs and medicines  
Implementation of primary health care programs  
Field health services  
Aid to puericulture  
Construction, repair, rehabilitation and renovation of provincial, district municipal and medicare hospitals  
Provision for the operation of 5-bed health infirmaries

**DSWD**

Implementation of community-based program for rebel returnees  
Provision for the operation of a day-care center in every barangay  
Provision for poverty alleviation in low-income municipalities and depressed urban barangays



## ANNEX C

### AGENCY REGIONAL BUDGET ALLOCATION FORMULA / METHODOLOGY

#### DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS (DPWH)

##### *Block Allocation Criteria*

Equal Share (ESr) (per province).....	20%
Population (PIr) .....	30%
Scarcity of Infrastructure (SIr) .....	50%
Total .....	100%

$$Sr = ESr (0.20) + Pr (0.30) + SIr (0.50)$$

Where:

Sr = share of Region

ESr =  $NPr / NPp$  where  $NPr$  = No. of provinces in the region  
 $NPp$  = No. of provinces in the Phil.

PIr =  $Pr / Pp$  where  $Pr$  = Population of the Region  
 $Pp$  = Population of the Phil.

$$SIr = \{ [ (RDp / RDr) * ((LAr / LAp) + (URr / URp)) * (GRDPr / GDPp) (AIP / AIR) * 0.80 ] + [ (UWr / UWp) * 0.20 ] \} * DFr (0.50) + PIr (0.50)$$

Where:

RDp = Average Road Density of the Phil. In Km. of Roads per sq.km of land area

RDr = Average Road Density of the Region

LAr = Land Area of the Region in Sq. Km.

LAp = Land Area of the Philippines

URr = Length of Unpaved Roads in the Region in Km.

URp = Length of Unpaved Roads in the Phil.

GRDPr = GRDP of the Region

GDPp = GDP of the Philippines

AIP = Average Annual Family Income in the Phil.

AIR = Average Annual Family Income of the Region

UWr = Population Unserved/ Underserved with Potable Water Supply in the Region

UWp = Population Unserved/Underserved with Potable Water Supply in the Phil.

DFr = Implementation Difficulty Factor of the Region Based on Terrain and Accessibility – computed for each province/city:

Difficulty Factor Table applied based on two factors: Accessibility and Terrain:

Accessibility:	Terrain:
Good - 1	Flat - 1
Fair - 2	Rolling - 2
Poor - 3	Mountainous - 3

Difficulty Factor Table

Accessability Rating	1	1	1	2	2	2	3	3	3
Terrain Rating	1	2	3	1	2	3	1	2	3
Total Rating	2	3	4	3	4	5	4	5	6
<b>Difficulty Factor (DF)</b>	<b>1.00</b>	<b>1.05</b>	<b>1.10</b>	<b>1.05</b>	<b>1.10</b>	<b>1.15</b>	<b>1.10</b>	<b>1.15</b>	<b>1.20</b>

PIr = Poverty Index based on Poverty Incidence with the following weight:

Poverty Groups:  
 Most Needy = 50%  
 More Needy = 30%  
 Needy = 20%

$$PIr = (Pri / PT) * Wg$$

Where :  
 Pri = Total number of provinces in the region  
 PT = Total number of provinces within the group  
 Wg = Weight of the Group

*Fund Allocation Formula for Barangay Roads/Multi-Purpose Pavement*

$$SMPin = (Nbi/NBn * ABSi/ABSn * DFi) / \sum \{ Nbi/NBn * ABSi/ABSn * Dfi \}$$

Where:  
 SMPi = Share of the region in the barangay multi-purpose pavements funds of the Phil.

NBi = Existing Number of Barangay in a Region  
 NBn = Total Number of Existing Barangay in the Phil.  
 ABSi = Average Size of Barangay in a Region which is equal to the population divided by number of barangay of the region  
 ABSn = Average size of barangays in the Phil.  
 Dfi = Implementation Difficulty Factor of the Region Based on Terrain and Accessibility

### *Formula for Rural Water Supply Fund Allocation*

$$S_{ri} = (Z_{ri} * C_{wi}) / \sum Z_{ri} * C_{wi}$$

Where:  $Z_{ri} = (TrPri - SrPri) / 130$

Where:

$S_{ri}$  = share of the region in the total national outlay for rural water supply

$Z_{ri}$  = required number of Level 1 facilities (wells/springs) in the region

$TrPri$  = total rural population in the region

$SrPri$  = total rural population served in the region

130 = average number of persons served per well

$C_{wi}$  = weighted average unit cost of Level 1 facility in the region

## **DEPARTMENT OF TRANSPORTATION AND COMMUNICATION (DOTC)**

### *Land Transportation Building Projects*

The basic concept in the allocation of the annual budgetary ceiling for LTO's building program is to give each region the commensurate funding to be able to implement and finish the program at about the same time as the others. Thus, regions with more unprogrammed district buildings will be allocated more than those having less number of unprogrammed district buildings to build. This way, all the regions will more or less finish the program at about the same time. The program covers approximately 144 regional and district offices of the LTO.

The basic formula for regional fund allocation is:

$$RA = [ \{ \sum (EC_r * U_{Br}) / \{ \sum (EC_n * U_{Bn}) \} * 100$$

Where:

$RA$  = regional allocation (in percent)

$EC$  = Equivalent Cost Factor of each LTO Bldg. (changes every programmed year)

$U_{Br}$  = Unprogrammed LTO Bldgs. for the given region for the given building type in the programmed year (either for rehabilitation or new construction)

$U_{Bn}$  = Unprogrammed LTO bldgs. throughout the country as of the program year.

### *Postal Office Building Projects*

The concept of allocating the funds to the regions aims to give each region an equal chance to finish the program at a pace equal to the others regardless of post offices in the region. The post office building program aims to cover the approximately 2000 postal offices throughout the country.

The basic formula for the regional fund allocation is:

$$RA = [ \{ \sum (EC_r * U_{PBr}) / \{ \sum (EC_n * U_{PBn}) \} * 100$$

Where:

RA = Regional Fund Allocation in percent for the year  
 EC = Equivalent Cost Factor for each type of post office  
 UPBr = Unprogrammed PSO Bldgs. (either for rehab or new construction) in the region as of the program year  
 UPBn = Unprogrammed PSO Bldgs. throughout the country as of the program year

*Establishment of Telegraph Stations*

With the program establishing telegraph stations in each municipality completed in 1989, the task at hand is to replace old/obsolete telegraph equipment in the various stations.

The formula for the regional fund allocation is as follows:

$$RA = [OTSr / OTSn] * 100$$

Where:

RA = Regional Allocation (%)  
 OTSr = Total number of obsolete and unprogrammed telegraph stations in the region as of the program year.  
 OTSn = Total number of obsolete and unprogrammed telegraph stations in the country as of the program year

Note: Obsolete covers those for replacement and/or conversion to radio

**DEPARTMENT OF AGRICULTURE (DA)**

To achieve DA's objective of favoring the poorer regions and at the same time giving incentives to regions with better agricultural and fishing potentials, the 1990 formula was modified to consider the following weights:

Poverty Level	-	20%
Percentage of Population engaged in farming and fishing	-	30%
Arable land area	-	30%
Percentage of productive fishing grounds over total fishing area	-	20%
	-----	100%

The modified formula hopes to address poverty in the more populous areas of the country while at the same time provide the necessary boosts for development in those areas where agriculture and fishing is more profitably feasible.

The regional allocation formula is as follows:

$$S_i = [ \{ (P_i/P_p) * 0.20 \} + \{ (E_i/E_p) * 0.30 \} + \{ (AL_i/AL_p) * 0.30 \} + \{ (FG_i/FG_p) * 0.20 \} ] /$$

$$\sum_{n=1}^{13} [ \{ (P_i/P_p) * 0.20 \} + \{ (E_i/E_p) * 0.30 \} + \{ (AL_i/AL_p) * 0.30 \} + \{ (FG_i/FG_p) * 0.20 \} ]$$

where:

$S_i$  = share of region to total funds  
 $P$  = population below poverty line  
 $E$  = no. people employed in fishing and agriculture  
 $AL$  = arable land area in sq. km.  
 $FC$  = fishing grounds in sq. km.  
 $i$  = region  
 $p$  = Philippines

## **DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES (DENR)**

### **Criteria for Allocation**

#### *Criterion No. 1 – 60%*

The urgency of rehabilitation, protection and development of the environment and natural resources

Six Indicators:

- Indicators for the Rehabilitation, Protection and Development of the Forest Ecosystem

1. Denudation Index
2. Size of Virgin/Residual Forest
3. Area in Hectares of the Projects Covering the Integrated Social Forestry program
4. Area in Hectares of the National Parks, Game Refuge and Bird Sanctuaries

4/6 \* 60%

- Indicator of Rehabilitation of the Urban Environment

5. Urbanization Index

1/6 \* 60%

- Indicator for Needed Environmentally Sound Programs to promote the Development of Mineral Resources

6. Volume of Mineral Resources and Small Scale Mining Areas

1/6 \* 60%

*Criterion No. 2 – 35%*

Support to the Comprehensive Agrarian Reform Program

Four Indicators:

- Support to the Integrated Social Forestry Project Participants

1. No. of Participant-Families in the Integrated Social Forestry Program

1/4 \* 35%

- Land Survey and Information Management

2. No. of Uncadastrated Areas

1/4 \* 35%

3. Lot Surveyed (Post-Survey Activities)

1/4 \* 35%

- Alleviation of Poverty

4. Poverty Index

1/4 \* 35%

*Criterion No. 3 – 5%*

Need to strengthen the organization to improve its capability to provide services (institutional strengthening)

Indicator: No of Itemized positions per region

Additional Criterion:

As a balancing or Adjustment Indicator

- The existence and budget level of foreign-assisted projects in the region – this means that regions which do not have or with negligible foreign-assisted projects will get higher allocation. Those with big existing foreign assisted projects like Region IV will receive lesser allocation.

## **DEPARTMENT OF TRADE AND INDUSTRY (DTI)**

Regional Allocation Criteria (for allocable budget only)

Relative Size	20 pts
Population	
Land Area	
Magnitude of Trade and Industry	15
Business name Registration	
SEC Registration	
Institutions	5
No. of Banks	
No. of Schools	
No. of Sectoral Associations/PVOs	
Utilities and Infrastructures	20
Roads and Bridges	
Water and Power	
Ports/Airports	
Communication Facilities	
Labor and Industrial Center	20
Targets	20
Exports	
Investments	

## **DEPARTMENT OF EDUCATION, CULTURE AND SPORTS (DECS)**

### **School Building Program**

#### **DECS Model**

Classrooms = regional enrolment / regional class size

Workshop = intermediate enrolment / (40 x 4)

Costings :	Construction/Replacement	Rehabilitation
Classrooms	P 140,800	P 25,000
Workshop	170,000	50,000
Toilet	40,000	

Computation:

P2,540 Million prorated between regions based on:

- Relative need (79%)
- Incidence of poverty (21%)
- DPWH regional difficulty coefficients

*Allocation of Capital Outlays For NNSSs (Newly-nationalized Secondary Schools)*

Classrooms = regional enrolment / regional class size

Science Labs

Workshops

Costings :	Construction/Replacement	Rehabilitation
Classrooms	P 145,000	P 30,000
Science Lab	215,000	40,000
Workshops	245,000	40,000

Computation:

P 500 Million prorated between regions based on relative requirement of each region

**Allocation Criteria as reformulated by DPWH**

*Construction (New)*

$$Sci = \{ (RRi/RRp) * IDFi \} / \sum (RRi/RRp) * IDFi$$

Where:

Sci = share of region I in the total schoolbuilding construction funds.

RRi = number of rooms required in region I, calculated as

Enrollment/Class Size – Existing Rooms

RRp = number of rooms required in the Philippines, similarly calculated; and

IDFi = implementation difficulty factor in region I

*Replacement and Rehabilitation*

$$SRRi = \{ (CRRNi/CRRNp) * IDFi \} / \sum \{ (CRRNi/CRRNp) \}$$

Where:

SRRi = share of region I in the total schoolbuilding replacement and rehabilitation funds.

CRRNi = cost of schoolbuilding replacement and rehabilitation needs in region I based on the latest DPWH-DECS inventory.

CRRNp = cost of schoolbuilding replacement and rehabilitation needs in the Philippines based on the same inventory.



**Roxas Law / Republic Act No. 7880 “An Act Providing for the Fair and Equitable Allocation of the Department of Education, Culture and Sports’ Budget for Capital Outlay” signed into law on 20 February 1995**

The annual DECS budget for capital outlay shall be allocated among the legislative districts in the following manner:

- a) On the first year of the effectivity of the Act: (1996)
  - 1) thirty percent (30%) of the capital outlay to be allocated pro-rata according to each legislative district’s student population in relation to the total student population of the country;
  - 2) sixty percent (60%) of the total capital outlay to be allocated only among those legislative districts with classroom shortages, pro-rata to the total classroom shortage of the country as determined by the DECS, and
  - 3) ten percent (10%) to be allocated in accordance with the implementation of the policy as may be determined by the DECS.
  
- b) On the second year and every year thereafter (1997 onwards)
  - 1) fifty percent (50%) of the capital outlay to be allocated pro-rata according to each legislative district’s student population in relation to the total student population of the country;
  - 2) forty percent (40%) of the total capital outlay to be allocated only among those legislative districts with classroom shortages, pro-rata to the total classroom shortage of the country as determined by the DECS, and
  - 3) ten percent (10%) to be allocated in accordance with the implementation of the policy as may be determined by the DECS.

**School Building Requirements and Programs (DECS)**

*Computation of Requirements for Elementary Teachers’ Items*

**Primary Grades**

- 1 teacher per class
- 4 coordinators per district (SY 1986-87; 2,021 school districts)
- 1 coordinator per district (SY 1987-88; 2,061 school districts)

**Intermediate Grades**

- 1 teacher if there is only 1 class in the grade
- 3 teachers if there are only 2 classes in the grade
- 5 teachers for every three classes in the grade; residuals over multiples of three are given additional

**Class Sizes**

40 pupils per class; minimum of 15 and maximum of 60; multi-grade classes allowed at no more than 2 grades per class

*Computation of Requirements for Secondary Teachers' Items*

Teaching Load Standards for SEDP curricula in:

General Secondary Schools  
Special Science High Schools  
Vocational Trade Schools  
Vocational Agricultural Schools  
Vocational Fishery Schools

40 minutes per load

6 loads minimum per teacher

9 loads maximum per teacher (w/o additional compensation)

Class Sizes

45 students per class

*Allocation Criteria For Textbooks*

Textbook/Pupil Ratios:

Elementary - 2 pupils/textbook/subject  
Secondary - 1 pupilss/textbook/subject

New Titles:

1.30 of current requirements to cover:

loss and damage

increased enrolment for next 2 years

Reprinted after 3 years of use

Revised / replaced after 6 years

Reprints:

1.15 of current requirements less current inventory

to cover loss / damage

increased enrolment for next two years

*Allocation Criteria for Government Subsidy for Private Education*

COMPONENT	UNIT COST	TOTAL
Education Service Contracting		300
Tuition Fee Supplement		400
Secondary	290 / student	
Tertiary	12 / unit	
Student Financing Assistance		200
Faculty Development		30
Study Now-Pay Later Plan		35
Secondary Textbook Assistance		23
Valedictorians' Allowances		10
Honor Students' Allowances		2
		=====
TOTAL (Subsidy/Proration Factor for the regions)		1000

Priority for tuition fee supplement, education service contracting and student financing assistance.

### **Allocation for State Universities and Colleges (SUCs) (DECS Model)**

Given:

Expenditure Ceiling	:	P 5,136
Baseline Expenditure	:	3,852
Allocable Amount	:	1,284
Less: Salary Standardization	:	845
NET ALLOCABLE	:	439

1. Apportion net allocable between regions based on enrolment (.625) and programs (.375) of all SUCs in each region
2. Apportion between SUCs in region based on RDC's findings on:
  - a. relevance of academic programs to regional goals
  - b. institutional catchment of individual SUCs

### **Allocation for State Universities and Colleges (SUCs) (DBM Model)**

The DBM model focuses on four areas in the budget:

- a. determining faculty requirement per school

Faculty Items = EUs / 450

Where:

EUs = Enrolled Units, which is derived by multiplying credit units per offered subject with the number of students enrolled on that offered subject.

= Credit units \* students

450 = standard enrolled units per faculty derived from the formula:

$25 \text{ FTE students/faculty} * 18 \text{ EU/FTE student} = 450$

where:

FTE = Full Time Time Equivalent, which is the standard measure for counting enrolment to capture the varying load per student (to replace the head count approach). Mathematically it is the ratio between total units enrolled by a student in a semester against the maximum load allowed per student which is 18 units.

In the application of this formula to the SUCs database, the model computes for the absolute and net deficiency.

Absolute deficiency merely reflects the actual deficiency between existing faculty items and derived faculty requirement wherein excess items are not considered or reflected. Hence if there are excess items, the figure reflected under absolute deficiency is zero (0).

Net deficiency is the total requirement less existing items where excess items are considered and are reflected as negative figures.

b. Determining MOOE level per school

MOOE level per school is computed using the assumed MOOE cost per enrolled unit of P60 and weighted enrolled units. Thus

$$\text{MOOE level} = \text{WEUs} * \text{P60}$$

WEUs = Weighted Enrolled units  
= EUs \* Priority Points

Priority points (weight) per field/course:

Advanced Education	3 points
Agriculture	2
Engineering	2
Education	2
Science	2
Technology	2
Others	1

c. Determining Classroom Requirement per school

Classroom Requirement = total contact hours/ 40 hours

Where:

Contact Hours = time in which the student and instructor meets per subject

40 hours = assumed usage of classroom per week

To come up with the absolute and net deficiency figures, this would require data on existing number of classrooms.

d. Determining General Administration and Support Services (GASS) allocation

For determining allocation for GASS, the DBM model gives the ideal GASS/Operations ratio of 1:4 which means that GASS should not go beyond 25% of the total budget.

## **DEPARTMENT OF HEALTH (DOH)**

After providing for mandatory obligations, nationwide/interregional budget is allocated by :

1. allocating amount for 10% inflationary increment to be divided among hospitals/IPHOS and RGASS
2. allocating for capital outlay to be divided among regions based on poverty incidence
3. for equity consideration, the regional lump-sum for PHC fund has been pegged equally nationwide at P1.58 per capita

## DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT (DSWD)

The regional allocation criteria take into consideration the regional differences and relativity in terms of:

1. magnitude of poverty and target population vis-à-vis the mandated functions of the department.
2. Organizational structure of the regional office vis-à-vis the staffing/manpower capabilities and number of existing facilities (branch offices/units centers and institutions)
3. Geographical conditions of the area where the regional office operates.

The application of the criteria is limited to the determination of regional sharing of the MOOE component of the budget ceiling.

To rationalize the allocation, the criteria/factors are ranked according to their degree of importance, and are assigned corresponding points, the highest point per criterion being 15 points. The total points for all criteria is equal to 100.

Magnitude of Poverty		15
581 – 701	15	
461 - 580	12	
341 – 460	9	
221 – 340	6	
101 – 220	3	
Physical Goals-Community based		15
598 – 694	15	
499 – 597	12	
400 – 498	9	
301 – 399	6	
202 – 300	3	
Physical Goals – Center based		15
5334 – 6652	15	
4013 – 5333	12	
2692 – 4012	9	
1371 – 2691	6	
50 – 1370	3	
Staff Complement		15
707 – 808	15	
601 – 706	12	
495 – 600	9	
389 – 494	6	
283 – 388	3	
Number of Branch Offices		15
17 and above	15	
14 – 16	12	
11 – 13	9	
8 - 10	6	
5 – 7	3	

Self-Employment Assistance (enrolees)		5
50 – 62	5	
39 – 49	4	
28 – 38	3	
17 – 27	2	
6 – 16	1	
Supplemental Feeding (beneficiaries)		5
91 – 106	5	
74 – 90	4	
57 – 73	3	
40 – 56	2	
23 – 39	1	
No. institutions/Residential centers		5
9 – 10	5	
7 – 8	4	
5 – 6	3	
3 – 4	2	
1 – 2	1	
Geographic Conditions		5
Numerous island provinces, Coastal municipalities, difficult terrain and poor transportation facilities		5
Difficult terrain but accessible		4
Mainland, contiguous and with Available transportation		3

## ANNEX D

### SUMMARY OF AGENCY RESPONSES REGARDING THE STATUS OF THE REGIONAL ALLOCATION METHODOLOGY USED IN THE 1990 BUDGETING EXERCISE

AGENCY	STATUS/ REASONS	MODIFICATIONS/ REVISIONS	PROBLEMS/ ISSUES
<b>DPWH</b>	Still adopting	Simplified the formula in determining scarcity of infrastructure in the region by eliminating the following variables in the formula: GRDP GDP Population Unserved /Underserved with potable water supply Population of region to total population of country	1) Tendency of some national/local officials to obtain much more funds in their respective area than what results from the fund allocation formula. This can be minimized through close coordination or dialogue with these officials regarding the fund allocation formula in distributing funds among the legislative districts of the country. 2) Limited budget for infrastructure
<b>DOTC</b>	Not adopting since the agency found it to be not practicable ; i.e. it will be impractical to spread the scarce funds thinly among the various regions	Prioritize projects and give full funding support to these projects so that these will be completed expeditiously and realize benefits earlier. Priority is given to on-going projects, whether they be foreign-assisted or locally-funded. For new projects, priority is given to foreign-assisted projects that already have signed loan agreements while for locally-funded projects, priority is given to projects that have already acquired the project site or right-of-way; repair/rehabilitation of existing facilities; construction of new office buildings for displaced or soon to be displaced offices.	

<b>DA</b>	<p>Not adopting because</p> <ol style="list-style-type: none"> <li>1) DBM already assigns pre-determined budget ceilings to the DA-RFUs</li> <li>2) Reasonably accurate statistical data required in the formula/methodology are difficult to obtain</li> <li>3) Comparative advantage of the area and other qualitative parameters are hard to quantify and store as statistical data</li> </ol>		<p>In the past, the DBM merely allocates a lump sum budget for the entire Department and leaves the distribution of such budget to the Department's bureaus, attached agencies and regional filed units (RFUs) to the discretion of the central office subject to a pre-approved formula/method of allocation.</p>
<b>DENR</b>	<p>Not adopting since 1996</p>	<p>Capital budgeting approach is being used.</p> <p>The approach involves the establishment of the Baseline and determination of the Priority Programs/Projects Fund (PPPF).</p> <p>For CY 1999, claims against PPPF are ranked in accordance with a set of criteria formulated by DBM. Based on this criteria, the environment sector was usually one of the least prioritized, thus, a meager budget increase was given to DENR.</p> <p>In addition, DENR also considers the absorptive financial capacity of the regional offices as well as the environmental situation.</p>	



<b>DTI</b>	Not adopting because it noted that there were some regions with less personnel and provincial offices which enjoy a higher level of expensiture than the other regions.	To be more realistic, it was decided to use the “per capita basis” in reallocating the baseline ceiling to the regions as determined by the DBM/	The use of the per capita approach seems disadvantageous to some regions since the cost of doing business varies from one region to another. Right now, DTI is considering that the allocation for programs /projects being maintained and funded in support of the department’s thrusts and mandate be treated as an equally important consideration in drawing the budget. This will not only indicate that the department’s budget processes are supportive of and closely linked with its operations but shall also reflect its rational allocation of funds.
<b>DECS</b>	No official reply		
<b>DOH</b>	No official reply		
<b>DSWD</b>	No official reply		