**RESPONSE FROM THE GOVERNMENT OF THE PHILIPPINES**

**TO THE CALL FOR SUBMISSIONS BY THE**

**SPECIAL RAPPORTEUR ON THE RIGHT TO DEVELOPMENT**

**FINANCING FOR DEVELOPMENT (RTD-FFD)**

(Pursuant to HRC Resolution 33/14)

The Philippines recognizes that the right to development is an inalienable human right, and that the human person must be the central subject of development and should be the active participant and beneficiary of the same. Such recognition has been continually affirmed by the Philippines in sessions of the Human Rights Council and the UN Working Group on the Right to Development, where the Philippines has consistently asserted that the right to development, as a human right, “should be a key concept in framing policies and planning of States as primary duty-bearers”.

The Philippine Development Plan 2017-2022 identifies the need for a resilient and inclusive financial sector. It lays down strategies, such as strengthening the effectiveness of financial inclusion initiatives, encouraging efficiency and innovation in microfinance, and developing legal infrastructure for Islamic finance, among others.

As a general view on the matter of financing for development, Section 3 of Republic Act 11211 (s.2019) or “The New Central Bank Act”, the *Bangko Sentral ng Pilipinas* (BSP) has been mandated to promote a broad and convenient access to high quality financial services, considerate of the interest of the general public. Relative thereto, the BSP has further deepened its collaboration with key government agencies on the promotion of financial education, use of transaction accounts for social cash transfers, use of digital payment services, agriculture value chain financing, and MSME financing, among others. Aside from the foregoing, the BSP has been identified as lead agency in the implementation of the **National Financial Inclusion Strategy** (NFSI), which serves as the core platform for interagency coordination and an important channel for multi-stakeholder engagement and collaboration.

Providing guidance and oversight in the NSFI implementation is the **Financial Inclusion Steering Committee** (FISC), an inter-agency body established pursuant to Executive Order (EO) No. 208 (s. 2016) and mandated to:

* Provide overall policy and strategic direction and oversee the implementation of the NSFI;
* Align various financial inclusion-related policies, regulations, supervisory frameworks, programs and initiatives;
* Ensure effective progress monitoring of financial inclusion activities that will facilitate evidence-based policymaking;
* Collaborate with public and private organizations for data collection and research to facilitate informed policy recommendations and for provision of financial education and literacy programs, as well as training and opportunities for small and medium-scaled enterprises;
* Communicate the NSFI to the public and private sectors, including other stakeholders of financial inclusion; and
* Formulate and adopt its governance and operational guidelines and rules of procedure, as may be necessary to carry out its functions and duties.

Moreover, the BSP made a commitment under Circular No. 1048 (series of 2019) to promote broad and convenient access to high quality financial services and, considerate of the interest of the general public, ensure that financial service providers conduct ethical business practices and do not engage in practices that may cause harm to the consumer in the conduct of their business. Under the same Circular, the BSP emphasized that BSP-supervised financial institutions should not employ practices that discriminate or take advantage of vulnerable groups, such as low-income earners or persons with disabilities.

The government of the Philippines is pleased to present responses on the Special Rapporteur’s questionnaire as well as share information on the practices and broad policies and programs of the Philippines pertaining to the implementation of the right to development in the area of financing for development (RTD-FFD).

**FINANCING FOR DEVELOPMENT: NATIONAL LEVEL PRACTICES**

1. **PARTICIPATION AND ACCESS TO INFORMATION**
2. ***How are rights holders – individuals and communities – placed at the center of decision making for all aspects of FFD, including from the planning to the evaluation stages?***
3. ***What measures ensure that FFD [Financing for Development] is based on rights holders' development priorities, and that FFD ultimately finances those priorities?***

The National Government promotes and integrates priorities of stakeholders through the planning-programming-budgeting processes.

Examples of these are undertaken through the following:

**National Development Plan**

The national development plan, Philippine Development Plan 2017-2022, and its accompanying document, the Philippine Investment Plan 2017-2022, underwent national and local consultations that included the participation of multiple stakeholders.

The plan aligns the needs of the people and priorities of the administration over a six-year period. The Plan is anchored on and prepared in the context of the long-term vision document AmbisyonNatin 2030, the 0+10 Socioeconomic Agenda of the President, and the 2030 Agenda for Sustainable Development.

*Reference Document:*

*Philippine Development Plan 2017-2022[[1]](#footnote-1)*

*Memorandum Circular No. 12, s. 2016[[2]](#footnote-2)*

*Directing the Formulation of the Philippine Development Plan and the Public Investment Program for the Period 2017-2022*

**Ambisyon Natin 2040**

Furthermore, guiding the government’s plan for the future is AmBisyon Natin 2040, the long-term vision for the Philippines. AmBisyon 2040 represents the collective long-term vision of the Filipino people in the next 25 years and will serve as the basis for development planning across at least 4 administrations. The National Economic and Development Authority (NEDA) started the visioning process in 2015. An Advisory Committee composed of representatives from the government, private sector, the academe, and civil society guided the overall implementation of the visioning exercise. The consultative process involved more than 300 participants in the focus group discussions (FGDs) across the country comprised mostly by the poor and marginalized groups. These include the fisherfolk, farmers, the urban poor, disaster survivors, Overseas Filipino Worker (OFW) families, indigenous people, students, formal workers, government workers, out-of-school youth, and persons with disability in 10 different regions across Luzon, Visayas, and Mindanao. The FGD results formed the design of a questionnaire for a national survey with a sample size of 10,000 respondents.

**Philippines' Voluntary National Review on the 17 Sustainable Development Goals**

Recognizing that "engagement of non-government stakeholders is crucial", the voluntary report, led by the National Economic and Development Authority, was prepared in consultation with and highlighted examples of both government and non-government practices and activities that contribute to the goals. The discussions on the process, cases and experiences are presented in the report.

The second country report of the Philippines is accessible at: https://sustainabledevelopment.un.org/content/documents/23366Voluntary\_National\_Review\_2019\_Philippines.pdf or through <http://sdg.neda.gov.ph/1608-2/>.

*Reference Document:*

*Philippines Voluntary National Review*

**Public participation in the Budget process**

From targets set by the Development Budget Coordination Committee, an inter-agency, cabinet level committee involving finance, economic planning, monetary, and central planning agencies, the Department of Budget and Management sets the priorities for spending on new and continuing programs to support priority programs and projects such as through the annual publication of the Budget Priorities Framework alongside the regular budget call.

In the annual budget call, heads of government agencies are required to submit during budget preparation a proof that agencies, after conducting national and sub-national/local consultations, report the inputs, comments, or recommendations of civil society organizations on spending for on-going and new projects, programs, and activities. Details of the report should include documents where civil society organizations and other non-state actors participated in the assessment and planning as well as those engaged through "Budget Partnership Agreements" or prevailing consultative mechanisms in certain government units involving non-government or sectoral representation

*Reference Document*

*DBM National Budget Memorandum No. 133 - National Budget Call for FY 2021 dated November 29, 2019*[[3]](#footnote-3)

Another mechanism involving engagement of civil society is through the Budget Partnership Agreement (BPA) introduced in 2012.

BPA serves as a legal instrument for constructive engagement and citizen participation between a government agency and a civil society organization in the i) budget proposal preparation and ii) budget execution[[4]](#footnote-4).

*Reference Document:*

*DBM National Budget Circular No. 536 - Guidelines on Partnership with Civil Society Organizations and Other Stakeholders in the Preparation of Agency Budget Proposals dated January 31, 2012*[[5]](#footnote-5)

*DBM National Budget Circular No. 539 - Guidelines on Partnership with Civil Society Organizations and Other Stakeholders in the Execution of the Agency Budget dated March 21, 2012*[[6]](#footnote-6)

**Budget Presentation to Congress**

Access to public participation in terms of the planning and evaluating the budget is also manifested through the Development Budget Coordination Committee’s (DBCC) budget presentation to Congress. The members of the House of Representatives serve as the voices of their respective constituents and are given the opportunity to interpellate on the proposed budget. The same process ensues in the Senate.

**Public partnerships related to public financial management**

**Open Government Partnership**

The Philippines is one of eight founding country members of the Open Government Partnership (OGP) since 2011. In the latest action plan for 2019-2021, the Department of Budget and Management, with the participation of the Department of Finance, other government agencies, civil society organizations, and private sector, outline cross-cutting strategies and whole-of-government approaches to promote open government that are anchored on the OGP values of transparency (access to information), citizen participation, public accountability, and technology and innovation to strengthen governance. The implementation of the action plan, which outlines commitments and programs/initiative, is to be overseen and directed by "a steering committee composed of representatives from government, civil society networks, government unions, and business groups."

Executive Order No. 24 issued on May 16, 2017 re-organized the Cabinet Cluster System, which led to the creation of the Cabinet Cluster on Participatory Governance Cluster (PGC). The Department of the Interior and Local Government (DILG) serves as the Chair of the PGC while DBM was assigned as Co-Chair and Cluster Secretariat. Specifically, the PGC is mandated to:

* Enable public to understand, rationalize and implement national government programs and projects based on area-specific realities;
* Strengthen consultation mechanisms to ensure effective implementation of programs and projects; and
* Propose policies, programs and projects that would foster participatory governance and build the capacities of local government units for such purpose

The Philippines is also a founding country of the Open Government Partnership (OGP), a multilateral initiative that brings together government reformers and civil society leaders to create action plans that make governments more inclusive, responsive and accountable. The DBM serves as the Chair and Secretariat of the PH-OGP.

The PGC has approved the recommendation to tap the PH-OGP platform as its main consultation mechanism. Under the stewardship of the DBM and DILG, a number of significant milestones were achieved in terms of mainstreaming citizen engagement in governance. There was also a big increase in the number of outreach activities that were led and actively participated in by key PGC and OGP stakeholders.

One of the open government efforts under the PH-OGP is to have a government that listens and responds. Through the Open Government and Participatory Governance Regional Townhall Sessions, the national government has successfully established a mechanism where citizens are given an opportunity to interface and talk about local issues with high-level government officials.

In 2018, the national government was able to conduct six regional dialogues and having Cabinet Secretaries and senior officials from various government agencies participate in those town hall sessions. Local issues on housing, health, education, agriculture, and energy were asked and government officials from different agencies such as the Department of Education (DEPED), Commission on Higher Education (CHED), Department of Health (DOH), and National Housing Authority (NHA) were there to answer and resolve the issues raised by local groups.

To achieve the goal of having more responsive and relevant government programs and reaching more sectors, the Townhall Sessions and OGP consultations were conducted from July to September 2019 in all 16 administrative regions in the country to facilitate more meaningful exchanges and better address identified local issues that are important to regional stakeholders. The key topics of the Townhall for each area were based on the results of a government survey of most in-demand local issues. Emerging regional issues identified dealt with the Universal Healthcare Act, Rice Tariffication Act, Build Build-Build Program, tourism, and business and economy.

While these efforts have led to critical gains, especially in promoting mutual trust between and among government and non-government sectors, more meaningful outcomes can be achieved through consistent and organized follow-through efforts by the Secretariat and key government actors.

The PH-OGP is implementing its 5th National Action Plan. In comparison to strategies employed to develop the previous four OGP NAPs, the 5th PH-OGP cycle is considered to be the Philippines’ most demand-driven and inclusive, strategic, and genuinely co-created action plan development process. The action plan development timeline lasted for 13 months from approval, with the widest geographical and sectoral reach, with activities facilitated by the PH-OGP Government and Non-Government Secretariat, and all members of the PH-OGP Steering Committee having a more proactive role throughout the whole process.

The development process takes off from the strategies and recommendations outlined under the key international and national governance frameworks, policies, and publications such as the Philippine Development Plan (PDP) 2017-2022, United Nations Sustainable Development Goals (SDGs), and Participatory Governance Cluster of the Cabinet (PGC) Performance and Projects Roadmap (PPR) 2017-2022, among others.

Under an enhanced co-creation framework, the Philippines’ 5th OGP plan process meets and goes beyond the outlined basic requirements with regard to dissemination of information, providing spaces and platforms for dialogue and co-creation, and co-ownership and joint decision-making.

The PH-OGP provided spaces and platforms for dialogue and co-creation in the development process of the NAP. It opened up various online and offline platforms to any interested stakeholder (e.g. representatives from civil society, government agencies, local government units, legislature, academe, private sector, etc.) to participate meaningfully in the action plan development process for an adequate duration of time. By posting the approved development process on social media, the PH-OGP asked and encouraged the public to engage in the PH-OGP NAP development.

The 5th PH-OGP process officially kicked off with the conduct of regional consultations with non-government sectors from November to December 2018. These events were led by Caucus of Development NGO Networks (CODE-NGO), as PH-OGP Non-government Secretariat, and supported by the DBM and USAID. This series of activities was aimed to identify priority commitments that can be proposed to government for inclusion in the PH-OGP National Action Plan. The result of these consultations was the OGP Citizens Agenda, which was submitted to the Government Secretariat at DBM in January 2019. The OGP Citizens Agenda served as the main basis for government outreach and call for OGP commitments sent by the DBM to various government agencies. The OGP Citizens Agenda was also consequently uploaded in the PH-OGP NAP online repository. Guided by the PH-OGP Steering Committee, the very extensive consultation process undertaken for the development of the 5th PH-OGP NAP covered a spectrum of stakeholders with four initial CSO consultations, followed by 16 regional workshops and additional sector and agency-specific workshops conducted from November 2018 to November 2019.

The PH-OGP employs a more demand-driven OGP process in shaping the dimensions of the action plan. The enhanced working relationship with the non-government sector and the involvement of citizens in the ideation phase of the OGP cycle have added major substantive value in framing the succeeding outreach strategy and rollout of the OGP action plan development process.  This approach strengthened the case for and greatly contributed to crafting responsive and targeted open government programs and an action plan with programs that better address public problems close to the hearts of the people. One strong example of such programs is the Department of Education’s commitment to adopt a participatory platform for monitoring and evaluation of basic education inputs and service delivery in last mile schools.

Mainstreaming gender and inclusion has emerged as a policy area of the OGP. Women's organizations were invited to the scheduled regional consultations, and CARE International organized another three-day workshop that hosted sessions aimed at enhancing the capacity of diverse gender equality activists and representatives of women’s rights organizations to engage effectively in OGP processes, increase the meaningful participation of gender equality activists and organizations linked to the women’s movement in OGP action planning, and increase the quantity and quality of gender-related OGP NAP commitments.

As a result of these mainstreaming strategies, a number of commitments now espouse gender and inclusion-related indicators as part of their commitment targets. One of the strongest concrete evidence of this is DILG's commitment milestone on ensuring gender- responsive and inclusive implementation of commitment activities through conscious invitation of gender advocacy groups and other marginalized groups (e.g. indigenous peoples, PWD, etc.), publication of disaggregated data in its citizen feedback system's online portal, and the issuance of a national policy on citizen engagement in governance that includes an operational definition and provisions on gender-responsive representation. Another good example of gender mainstreaming and inclusion under this NAP is the PCOO’s commitment milestone under the Freedom of Information program to conduct capacity-building and engagement activities to the women’s sector, LGBT, PWDs, and IP groups. The Department of Finance (DOF), through its Extractive Industries Transparency Initiative, also commits to launch a gender scoping study and gender audit tool to assess gender-inclusivity among extractive companies. Other agencies such as the Department of Social Welfare and Development (DSWD), Department of Labor and Employment (DOLE), and the Overseas Workers Welfare Administration (OWWA) also espouse gender and inclusion indicators as part of their OGP commitment milestones.

The partnerships and working relationships built, and the amount of time and work invested by government and non-government partners on the co-creation process have resulted to an immense amount of learnings for different stakeholders and the Philippines as an OGP member country. Multi-stakeholder collaboration has always been a strategy employed by the PH-OGP, and the 5th OGP cycle has on-boarded the most number of collaborators and key development partners for the Philippines. Hence, the PH-OGP process has allowed people from different social, political, and ethnic groups to come together and discuss relevant governance issues, actively work together in nation-building and exercise active citizenship.

The 2-year action plan is accessible at:

https://www.opengovpartnership.org/documents/philippines-action-plan-2019-2021/.

**Participation of Civil Society Organizations in the Preparation of the Budget**

In 2011, the Department of Budget and Management (DBM) issued National Budget Memorandum No. 109 on February 17, 2011 on the Guidelines on Partnership and Participation of Civil Society Organizations (CSOs) and Other Stakeholders in the Preparation of Budget Proposals. This was issued in support of the government’s commitment to strengthen democratic institutions through people empowerment, particularly through citizen participation in the budget process, as a vital means of promoting good governance.

The CSO inputs in the agency budget proposals are still adopted in the budget process through the submission Budget Preparation Form D (BP Form D) by the agencies, which indicates the report of CSOs’ inputs on ongoing and new spending projects and activities. The inputs from the CSOs on ongoing/new spending/expansion projects and activities would be based on the national and local consultations initiated by the agencies. BP Form D is part of the submission requirements as indicated in the National Budget Call. The DBM issued the National Budget Call for FY 2021 through National Budget Memorandum No. 133 dated November 29, 2019. The timeline for the conduct of the CSO consultations is also indicated in the budget preparation calendar contained in National Budget Call.

**Public Disclosure, Fiscal Transparency**

Anchored on transparency principles, the Government is mandated to provide and disclose, and publish budget proposal, annual financial statements, fiscal risks, among other reports, that are open and accessible to the public.

The Transparency Seal, one of the government initiatives promoting transparency and accountability, was institutionalized in 2014 requiring all government agencies to "shift towards openness in access to government information" and provide information on their official websites that includes "(i) the agency’s mandates and functions, names of its officials with their position and designation, and contact information; (ii) annual reports, as required under National Budget Circular Nos. 507 and 507-A dated January 31, 2007 and June 12, 2007, respectively, for the last three (3) years; (iii) their respective approved budgets and corresponding targets immediately upon approval of this Act; (iv) major programs and projects categorized in accordance with the five key results areas under E.O. No. 43, s. 2011; (v) the program/projects beneficiaries as identified in the applicable special provisions; (vi) status of implementation and program/project evaluation and/or assessment reports; and (vii) annual procurement plan, contracts awarded and the name of contractors/suppliers/consultants."[[7]](#footnote-7)

*Reference:*

*DBM National Budget Circular No. 542*

***d. What measures ensure that civil society participates throughout FFD processes, including with respect to public-private partnerships (PPPs) and loan agreements, such as by evaluating services delivered and their conformity with existing norms and obligations?***

Civil society participation is functionally operating in the various national government structures and institutional mechanisms established through domestic laws and policy issuances that mainstream or relate to Financing for Development.

**Regional Development Council**

Established as the policy-making body on subnational concerns and as a forum on relations and linkages between subnational and national development planning and implementation of regional development plans, the Regional Development Council includes representatives from the private sector and non-government sector on regional concerns.

**Citizen Engagement and Addressing Citizen Participation**

In reorganizing the Cabinet Cluster System[[8]](#footnote-8), the President created the Participatory Governance Cluster in 2016 to enhance citizen participation in government process.

The road map of the Cluster for the next three years includes targets and activities on "issuance of a national policy on participatory governance"; "mandating national government agencies to craft and issue policies on civil society organization (CSO) accreditation and engagement"; and"ensuring that a portion of national and local budgets are implemented in partnership with civil society".

*Reference Document:*

*Executive Order No. 24 entitled, “Reorganizing the Cabinet Clusters System by Integrating Good Governance and Anti-Corruption in the Policy Frameworks of All Clusters and Creating the Infrastructure Cluster and Participatory Governance Cluster,” issued on May 16, 2017*

**National Disaster Risk Reduction Management Council**

In the institutional mechanism governing disaster risk reduction and management, Civil Society and private sector representatives, under the national law[[9]](#footnote-9), represent five (5) members - four (4) from civil society and one (1) from the private sector - in the National Disaster Risk Reduction and Management Council.

**National climate adaptation financing**

Of the nine (9) members of the Board, chaired by the Secretary of Finance, governing the administration of the country's only national climate adaptation fund, the People's Survival Fund, three (3) come from the sectoral representatives in the decision-making and administration of the fund. Joining the six (6) government representatives are the three (3) sectoral representatives come from the private/business sector, academic and scientific community, and civil society organization.

**Ease of Doing Business**

The Ease of Doing Business, Anti-Red Tape law, enacted in 2018 mandates the inclusion of two (2) representatives from the private sector in the 6-member Ease of Doing Business and Anti-Red Tape Advisory Council which includes the Secretary of the Department of Finance as a member.

**Government Procurement**

A private sector representative sits in the Government Procurement Policy Board, established under the Government Procurement Reform Act (Republic Act No. 9184), a landmark law on government procurement reform. The Board chaired by the Secretary of Budget and Management includes as its members the Secretary of Finance, and the Secretary of Socio-economic Planning, among others.

**Participation in project execution and monitoring**

Under the law regulating foreign, official development assistance, NEDA is put in the charge of monitoring the projects and programs.

Among the monitoring mechanisms that involve civil society are as follows:

In 2011, NEDA formed the M&E Network Philippines as a collective of stakeholders to "discuss and disseminate evaluation findings for programs and projects, and hopes to generate policy agenda for action."[[10]](#footnote-10)

In 2015, DBM and NEDA issued the national framework for project/program and impact evaluation, National Evaluation Policy Framework (DBM-NEDA Joint Memorandum Circular 2015-01), providing opportunity for civil society to be part of the Evaluation Task Force in charge of setting policies and implementing the framework for public sector evaluation. [[11]](#footnote-11)

Since 2003, the government implemented its national community-driven development program - Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services. The multi-phased program, funded by both national and international sources, empowered communities and barangays (villages) by improving access to services and participating in more inclusive local planning, budgeting, and implementation. [[12]](#footnote-12)

**Project audit participation of citizens**

The supreme audit institution of the Philippines, the Commission on Audit, promotes and engages civil society in its audit undertakings through the Citizen Participatory Audit (CPA) process institutionalized through a resolution issued in 2018. The process covers the constructive engagement of citizens or civil society organizations, provides capacity building to properly guide the audit activities, and the details of execution and fieldwork.[[13]](#footnote-13)

***Consultation process on policies and reforms***

**Sulong Pilipinas as a forum for government - stakeholder consultations**

"Spearheaded by the Duterte administration, the Philippine Development Forum – Sulong Pilipinas: Hakbang Tungo sa Kaunlaran is an annual consultative conference that brings together different stakeholders from all over the country. By establishing a strong partnership between the government and different sectors – from business and development partners, to the academe, youth organizations, and many others – Sulong seeks to build a truly inclusive economy, and work towards a comfortable life for all Filipinos.

This conference is a platform through which the government can provide updates on our country’s achievements. More importantly, Sulong is a way through which the administration receives feedback on its proposed plans and programs. Each conference generates ten actionable recommendations for government: the public’s identified priorities, which can guide policy and reform moving forward. Recommendations from past Sulongs are in various stages of implementation, including the National ID, Ease of Doing Business law, and the [Comprehensive Tax Reform Program](http://dof.gov.ph/taxreform)."[[14]](#footnote-14)

(The Forum builds on and expands previous format of the **Philippines Development Forum** that began in the 1990s.)

1. **RESOURCE MOBILIZATION AND BUDGETING**
	1. **Are States committing to international development policies including through:**
		1. **A specific strategy about the sectors in which the State would invest and sequencing of that investment;**
		2. **A conscious policy commitment to social and economic inclusiveness, through social protection programs and/or investment in public services like housing, education, social protection and health care; and**
		3. **An open policy space where policies and programs can be evaluated and revised as needed?**

**Build, Build, Build Program**

The current administration has laid out its 10-Point Economic Agenda that focuses on the country’s continued growth in a manner that is more inclusive. Guided by this agenda, the government is carrying on macroeconomic policies, ramping up infrastructure spending through the Build Build Build Program, promoting rural development, and investing in human capital development. Together with the vision of Ambisyon Natin 2040, the government adopted the overall framework that contains the strategies to achieve these goals. These strategies are contained in the Philippine Development Plan (PDP) 2017 – 2022, which are also anchored on the country’s international commitments to the 2030 Sustainable Development Goals. One of the priorities in the agenda is to accelerate infrastructure spending by 7% of Gross Domestic Product (GDP) by 2022, with PPP playing a key role. Financing and implementation of the infrastructure development is undertaken through (a) government financing – general appropriations or corporate funds; (b) government borrowings – domestic and foreign debt or through official development assistance (ODA); and (c) private sector financing or PPP.

**Budget Priorities Framework**

In 2013, the DBM introduced the Budget Priorities Framework (BPF) through National Budget Memorandum No. 118 dated April 25, 2013. The BPF served as a guide to all departments and agencies in focusing their FY 2014 budget proposals on specific objectives and programs for the budget year that are aligned with the priorities and increase the certainty of the attainment of the administration’s goals. In the preparation of the FY 2016 agency budget proposals, the DBM indicated in National Budget Memorandum No. 124 issued on March 30, 2015 that the preparation of the department/agency proposals under Tier 2 for new and expanded programs, activities, and projects should be guided by the BPF to be consistent with the Two-Tier Budgeting Approach (2TBA) introduced in National Budget Memorandum No. 123 dated January 28, 2015.

The DBM continues to adopt the BPF for the preparation for the agency budgets under Tier 2 through the issuance of the BPF on an annual basis. For the FY 2020 agency budget preparation, the BPF was issued through National Budget Circular No. 132 dated April 12, 2019 and presented the macroeconomic projections and resulting fiscal aggregates for FY 2020 as approved by the DBCC, the fiscal space for Tier 2 and its composition, and the list of priority program requirements approved by the DBCC. The expenditure directions for FY 2020 was aligned with the priority of the administration towards the acceleration of infrastructure, anti-poverty and pro-employment spending through strategic infrastructure projects, and by supporting the implementation of new critical programs such as rice liberalization, Universal Health Care, Bangsamoro autonomy, Pantawid Pamilyang Pilipino Program (4Ps) as the government’s national poverty reduction strategy, and the operation of the Department of Human Settlements and Urban Development.

*Liberalization of Rice Importation and Ensuring Food Security*

Republic Act No. 11203 or the Rice Tariffication Act signed into law on February 14, 2019 is a reform which will move the country toward the use of transparent tariff rates in lieu of non-tariff import barriers to create a more competitive modern rice industry, and improve the income of rice farmers. This shift will be complemented by the more efficient collection of tariff through the implementation of the National Single Window Program, and heightened anti-smuggling efforts.

*Implementation of the Universal Health Care Act*

Republic Act No. 11223 or the Universal Health Care (UHC) Act was signed into law on February 20, 2019. Under the UHC, all Filipinos are now automatically enrolled in the National Health Insurance Program (NHIP) of the Philippine Health Insurance Corporation (PhilHealth) either as a direct or indirect contributor. The UHC law is a critical step that will facilitate the improvement of the entire health system over time by addressing the gaps in the facilities and human resources, strengthening the health insurance system, and instituting reforms such as the integration of local health systems into province-wide and city-wide health networks, and the establishment of support mechanisms like health technology assessment and health promotion.

*Passage of the Bangsamoro Organic Law (BOL) and smooth transition to the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM)*

The signing of Republic Act No. 11054 on July 27, 2018 was considered one of the administration’s milestone legislative achievement which was aimed to bring lasting peace and inclusive growth in southern Philippines. Through the BOL, the Bangsamoro people will be able to achieve their long-sought meaningful self-governance and self-determination, within the framework of the Constitution. In addition, the BOL established the BARMM and provide for its basic structure of government. The law’s salient provisions include the establishment of a parliamentary-democratic form of government, creation of intergovernmental bodies to improve relations, and resolve issues between the national and Bangsamoro governments, and greater fiscal autonomy.

 *Institutionalizing the Pantawid Pamilyang Pilipino Program*

Republic Act No. 11310 or the Pantawid Pamilyang Pilipino Program (4Ps) Act was signed into law on April 17, 2019. The program is recognized as the government’s national poverty reduction strategy being implemented by the DSWD. The law provides that eligible household beneficiaries identified using a Standard Targeting System shall receive increased cash grant and a health and nutrition cash grant. In addition, the law mandates that all beneficiaries shall be automatically covered under the NHIP and qualified beneficiaries may avail of the livelihood programs offered by the DSWD or other appropriate/similar programs done by other government agencies/accredited private institutions.

*Operating the Department of Human Settlements and Urban Development*

The passage of Republic Act No. 11201 of the Department of Human Settlements and Urban Development Act will serve as the primary government entity for managing housing, human settlements and urban development through planning and policy-making, regulation, program coordination, and performance monitoring for all housing, human settlement and urban development concerns. The creation of the Department will be crucial in addressing the concerns of the housing sector.

1. **Given the potential harms of reliance on austerity programs and PPPs for resource generation, how are alternative methods of mobilizing national and international resources being used?**

**Official Development Assistance**

In the 2018 Official Development Assistance (ODA) Portfolio Review Report of the NEDA, the total ODA portfolio of the Philippines as of December 2018 amounted to USD 16.86 billion, consisting of 76 loans worth USD 14.46 billion and 338 grants worth USD 2.40 billion. The bulk of the ODA loans were provided by the Government of Japan – Japan International Cooperation Agency (JICA), the Asian Development Bank (ADB), and the World Bank (WB). For the ODA grants, the United States Agency for International Development (USAID), Australia, and the United Nations System were the major providers. In terms of the beneficiaries, the infrastructure development sector accounted for the largest share of the ODA loans, followed by the social reform and community development sector, and the agriculture, agrarian reform, and natural resources sector. On the other hand, majority of the grant assistance is given to the social reform and community development sector, followed by the agriculture, agrarian reform, and natural resources sector, and the governance and institutions development sector. The main development themes in ODA supported Climate Change Adaptation and Mitigation and Disaster Risk Reduction with 41 programs and projects (both loans and grants), SDGs with 108 ODA programs and projects, and Promoting Gender-Responsiveness of Projects with 64 ODA projects.

1. **Are FFD stakeholders promoting human rights-driven budgeting, including budgeting that specifically promotes gender and other forms of equality?**

**Gender and Development Plan and Budget**

In relation to human rights-driven budgeting, the Philippines includes the promotion of gender and other forms of equality in the budgeting process. The Philippine Commission on Women (PCW), NEDA and DBM issued Joint Circular No. 2012-01 prescribing the Guidelines for the Preparation of Annual Gender and Development (GAD) Plans and Budgets and Accomplishment Reports to Implement the Magna Carta of Women. The costing and allocation to undertake activities supporting GAD plans and programs will be derived from at least five percent (5%) of the total agency budget appropriations authorized under the annual GAA. The utilization and outcome of the GAD budget is annually monitored and evaluated in terms of its success in influencing the gender-responsiveness implementation of agency programs funded by the remaining ninety-five percent (95%) budget. A revised guideline for the preparation of the GAD agenda was issued by the PCW through Memorandum Circular No. 2018-04 dated May 4, 2018 that will take effectivity on the preparation of the agencies’ GAD agenda for CY 2020-2025.

**Magna Carta of the Poor**

Republic Act No. 11291 or the Magna Carta of the Poor was signed into law on April 12, 2019. The Magna Carta is the declared policy of the State to “uplift the standard of living and quality of life of the poor and provide them with sustained opportunities for growth and development”. It mandates the State to “adopt an area-based, sectoral, and focused intervention to poverty alleviation where every poor Filipino must be empowered to meet the minimum basic needs through the partnership of the government and the basic sectors.” To achieve the policy, there is a need for the following:

* Investments in anti-poverty programs to enable the poor to fully participate in the country’s growth and development shall be among the top priorities of the State;
* Full access to government services shall be provided to the poor by departments, agencies, and instrumentalities of the government;
* Interventions to address the genuine concerns of the poor will be strengthened, and long-term strategies and solutions for the empowerment of the poor will be institutionalized; and
* Enhancement and promotion of capabilities and competencies of the basic sectors, the nongovernment organizations (NGOs), the people’s organizations (POs), and other development partners for the effective delivery and implementation of a wide range of anti-poverty programs and basic services through government strategies and collaborations with development partners.

As stated in Section 4 of the Act, the full enjoyment or realization of the following rights of the poor are requirements for poverty alleviation.

* Right to adequate food is the right of individuals or families to have physical and economic access to adequate and health food, or the means to procure it.
	+ Lead Implementing Agencies: DSWD and Department of Agriculture (DA)
* Right to decent work is the right to the opportunity to obtain decent and productive employment, in conditions of freedom, equity, gender equality, security, and human dignity.
	+ Lead Implementing Agency: DOLE
* Right to relevant and quality education is the right to attain the full development of the human person.
	+ Lead Implementing Agencies: DEPED, CHED, and Technical Education and Skills Development Authority (TESDA)
* Right to adequate housing is the right to have a decent, affordable, safe and culturally appropriate place to live in, with dignity, security of tenure in accordance with Republic Act No. 7279, in peace, with access to basic services, facilities, and livelihood.
	+ Lead Implementing Agency: Housing and Urban Development Coordinating Council (HUDCC)
* Right to the highest attainable standard of health is the right to have equitable access to a variety of facilities, goods, services and conditions necessary for the realization of the highest attainable standard of health.
	+ Lead Implementing Agency: DOH

A system for targeting the beneficiaries of the government’s poverty alleviation programs and projects has been provided under the law. This will ensure that such programs reach the intended beneficiaries. The DSWD, in coordination with NEDA and the National Anti-Poverty Commission (NAPC), shall identify the target beneficiaries. The implementing rules and regulations for the Act is still for finalization.

**b. Are States developing integrated national financing frameworks that take into account the need for coherence across the internationally agreed 2015 policy frameworks and seek to mobilize the maximum resources available?**

The Government continues to put in place mechanisms to enhance that public finance adopts and integrates the post-2015 global frameworks.

Examples are:

* At the macroeconomic planning and public financial management level, the Development Budget Coordination Committee, the highest policy making body involving cabinet-level members on macroeconomic and budget planning and coordination, established the **Subcommittee on Sustainable Development Goals** (SDG) in 2019 to push onward the Government's contribution to the 17 Goals through the review and recommendation of SDG-related policies and programs[[15]](#footnote-15) .
* In the investment programming and projects review processes, ***project identification and preparation, prioritization and selection of big-ticket projects should be aligned with the*** six-year national development plan (PDP 2017-2022), included in the investment programming documents (mainly the Public Investment Plan[[16]](#footnote-16) (PIP), CIPs, and in the case of infrastructure, TRIP) which are all updated or revalidated annually to serve as an input in the prioritization for funding and national government budgeting.
* Since 2016, gender and development considerations have been mainstreamed into the project review process of the national government through the Investment Coordination Committee, chaired by the Secretary of Finance and Socio-economic Planning Secretary and reports to an executive board chaired by the President of the Philippines. Other requisite documents in the review include environmental clearance, land/right-of-way acquisition and resettlement action plans (if needed), endorsement from local government-national government coordination mechanism (the Regional Development Council), and budget availability. Based on the updated Philippine Environmental Impact Statement System, the environmental clearance process already incorporates climate action and disaster risk reduction management parameters.
* On climate and resiliency actions, the Government has put in place since 2013 an annual reporting mechanism for line agencies and sub-national entities (local government units) that will allow tracking and reporting of spending levels dedicated to climate adaptation and mitigation[[17]](#footnote-17).
* The Department of Finance is leading the national resiliency program through risk financing and insurance. The Philippine Disaster Risk Financing and Insurance (DRFI) Strategy is comprised of three (3) priorities:
* National Level - aims to improve the financing of post-disaster emergency response, recovery, and reconstruction needs.
* Local Level – aims to provide local government with funds for post disaster recovery and reconstruction efforts .
* Individual Level - aims to empower poor and vulnerable households and owners of micro, small and medium enterprises (MSMEs) to quickly restore their livelihoods after a disaster.
* The Department of Finance and the Bangko Sentral ng Pilipinas (the Philippines' central monetary authority) are leading the way to enable and engage the citizens and the business sector, including micro, small and medium enterprises (MSME), towards financial inclusion, sustainable finance, and sustainable development. To support these developmental goals, these two (2) agencies engaged with key government agencies and sectoral stakeholders to formulate or shepherd the following initiatives, policy and regulatory frameworks, and reforms (including those requiring legislative enactment):
* The Philippines’ initiatives on financial inclusion is guided by the **National Strategy for Financial Inclusion (NSFI) issued in 2015.**
* National **Retail Payment System (NRPS) Framework**, adopted by the central bank's Monetary Board in 2017[[18]](#footnote-18), covers the modernization of retail payment such as by enabling electronic payments, digital banking, and digital payment mechanisms for the domestic market.
* Under the NRPS, a new payment facility through the PESONet payment system provides the taxpayers[[19]](#footnote-19) with alternative payment option through an on-line system that is convenient, efficient and less costly.
* **Secured Transactions Reform**, which among others, aims to broaden the utilization of movable assets for MSME loans. This is an initiative of the DOF – National Credit Council (NCC) in partnership with the Land Registration Authority and World Bank Group's International Finance Corporation.[[20]](#footnote-20)
* **Personal Property Security Law (PPSA) or R.A. No. 11057,** which will boost access to credit especially for micro, small and medium enterprises (MSMEs), and farmers and fisher folks, and improve competitiveness in the country.[[21]](#footnote-21) **The IRR was promulgated on 19 November 2019.**
* **Green Finance.** The Inter-agency Task Force on Sustainable Financing (or Green Force), an inter-agency group led by the Department of Finance and the Bangko Sentral ng Pilipinas, was created in 2019 to facilitate the roadmap for sustainable finance[[22]](#footnote-22).
* The Securities and Exchange Commission, one of the regulatory agencies under the Department of Finance, has issued guidelines and regulations in line with the sustainable financing initiative of the government. These include:
	+ - **Guidelines on the Issuance of Green Bonds under the ASEAN Green Bonds Standards** for the Philippines that will require the proceeds from green bonds issuances must be “exclusively applied to finance or refinance, in part or in full, new and/or existing eligible green projects.” Eligible green projects include renewable energy, energy efficiency, pollution prevention and control, environmentally sustainable management of living natural resources and land use, clean transportation, climate change adaptation of green buildings.
		- **Memorandum Circular No. 4 s. 2019** ***“Sustainability Reporting Guidelines for Publicly Listed Companies.”***  The Circular outlines the information that PLCs should disclose in relation to their non-financial performance across the economic, **environmental** and social (EES) aspects of their organizations, as well as the corresponding management approaches to manage and mitigate negative EES impacts, if any.  It provides a framework for the PLCs to disclose their contributions toward achieving universal sustainability targets such as the United Nations Sustainable Development Goals (SDGs) and national programs like the AmBisyon Natin 2040.
		- **Memorandum Circular No. 8 s. 2019** ***“Guidelines on the Issuance of Sustainability Bonds Under the ASEAN Sustainability Bonds Standards in the* Philippines*”****.* It recognizes that certain Green Projects may also have social co-benefits, and that certain social projects may have environmental co-benefits; thus, the classification of the use of proceeds bonds as a Green Bond, Social Bond, or Sustainability Bond should be determined by the issuer based on its primary objectives for the underlying projects.
		- **Memorandum Circular No. 9 s. 2019** ***“Guidelines on the Issuance of Social Bonds Under the ASEAN Social Bonds Standards in the Philippines”.*** ASEAN Social Bonds are specific bonds where proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Social Projects, and that comply with the ASEAN Social Bond Standards. Under Section 5 – Classification of Bonds with Environmentally Co-benefits” it is understood that certain Social Projects may also have environmental co-benefits, and that the classification of a use of proceeds bond as an ASEAN Social Bond should be determined by the issuer based on its primary objectives for the underlying projects. Bonds that combine Green and Social Projects based on the ASEAN GBS and ASEAN SBS are referred to as ASEAN Sustainability Bonds, and specific guidance for these is provided separately in the ASEAN Sustainability Bond Standards.

**e. Are States prioritizing the use of domestic resources for development over the servicing of international debt?**

**Excerpts from the Technical Note on the FY 2020 National Government Budget[[23]](#footnote-23)**

"The government continues to pursue sound fiscal or budget policies, such as the full implementation of the Comprehensive Tax Reform Program, to improve the efficiency and effectiveness of the tax system. The budget deficit is limited to 3.2% of GDP [gross domestic product] or PhP677.6 billion to bring down the government debt from 41.8% of GDP in 2018 to 39.0% by 2022."

Domestic resources, including tax and non-tax revenues, substantially finance the requirements of the national government budget. Over the three (3) year period, the share of domestic revenues to GDP represented 15.7% (2017 actual), 16.4% (2018 actual), and 16.8 (2019 outlook)[[24]](#footnote-24).

**On Borrowings to address deficit targets for FY 2020 (at 3.2% of GDP)**

"To secure access to cheaper sources of borrowings, the Duterte Administration ensures the soundness of its creditworthiness or the ability to pay off its debt. To achieve this, it will stick to its borrowing mix policy of 75:25 in favor of domestic sources, sustain the downward course of its total debt as a share of GDP, and implement reforms aimed at managing government arrears and liabilities."

Additionally, under the national law enacting the budget of the national government for the fiscal period of 2020, the share of domestic and foreign debt servicing to the total national budget is at 11.2%.

**f. Are Governments mobilizing domestic resources for development by:**

 **i. Retaining State resources, including land and minerals;**

 **ii. Strengthening tax collection capabilities**

 **iii. Implementing fairer, more transparent and progressive tax policies;**

 **iv. Countering corruption**

 **v. Asking the private sector to pay its fair share; and**

 **vi. Ending illicit financial flows that direct resources out of countries?**

**Are Governments mobilizing domestic resources for development by:**

***i. Retaining State resources, including land and minerals;***

Organized and chaired by the Department of Finance since 2012, the Philippine Extractive Industries Transparency Initiative, or PH-EITI, is a government-led, multi-stakeholder initiative implementing EITI, the global standard that "promotes the open, accountable management, and good governance of oil, gas, and mineral resources." PH-EITI, initiated in 2012, was created on 26 November 2013 through EO No. 147, s. of 2013.

Through partnerships with key agencies overseeing natural resources and supporting host communities, the PH-EITI promoted policies and programs to strengthen oversight of the extractive resources and to provide tools for the public to better understand the extractive industry.

Examples of these policies and initiatives are:

* DOF Department Order No. 078-2017, which enjoins local treasurers (assigned to subnational governments) to comply with the reportorial requirements on submitting environment and natural resources data through monitoring tools.
* DENR Department Administrative Order 2017-07 which is issued to institutionalize transparency and accountability in the management of natural resources... strengthen the monitoring of the mining sector and pursue responsible mining in the country[[25]](#footnote-25)
* Systematic Electronic Extractives Disclosure, or SEED initiative, a tool for reporting by extractive industry companies and national government agencies

More discussion of the above and other activities of the Initiative can be found via the PH-EITI Annual Progress Report and Country Report Available at <http://ph-eiti.dof.gov.ph/progress-reports.html> and <http://ph-eiti.dof.gov.ph/country-report.html>, respectively.

**Are Governments mobilizing domestic resources for development by:**

***ii. Strengthening tax collection capabilities***

Reform efforts in the revenue generating agencies through intensified tax collection and improved revenue administration are led by the Department of Finance, the Bureau of Internal Revenue and Bureau of Customs.

"The BIR raised P2.18 trillion in revenues in 2019, which is an 11.3 percent improvement over the 2018 figure and resulted in the Philippines raising its tax effort to 15.1 percent of gross domestic product (GDP), its best rate in 22 years." [[26]](#footnote-26)

The continuing improvements are also attributed to the following:

- "the passage and implementation of the Tax Reform for Acceleration and Inclusion (TRAIN) Law, the Tax Amnesty Act, and the recently signed laws increasing excise taxes on alcohol, tobacco and vapor (vaping) products and e-cigarettes"

-" digitalization efforts and other administrative reforms to widen the tax base and simplify the process of tax collection".

The Comprehensive Tax Reform Program (CTRP) aims to make "the tax system simpler, fairer, and more efficient, additional - and a more sustainable stream of - revenues will be generated to make meaningful investments in our people and infrastructure".

The **Philippine Tax Academy** was set-up through Republic Act No. 10143 legislated in 2010 to "provide revenue and customs authorities a learning institution dedicated to their continuous education and training on improving tax collection competence and efficiency."[[27]](#footnote-27)

**Are Governments mobilizing domestic resources for development by:**

***iv. Countering corruption***

Excerpts from the 2018 annual report of the Department of Finance highlight the following governance accomplishments that contribute towards addressing corruption:

"Governance Initiatives

Sustaining robust revenue collections needs not only policy reforms but also focused action against tax evasion and smuggling.

1. REVENUE INTEGRITY PROTECTION SERVICE (RIPS)

In 2018, 121 employees and officials from the DOF and its attached agencies were subjected to lifestyle checks and investigations. As a result, multiple criminal and administrative charges were filed before the Office of the Ombudsman and the Civil Service Commission against 22 of the said personalities.

RIPS received a total of 19 successful resolutions in lifestyle check

cases involving employees of the DOF and its attached agencies, for which the errant officials and employees were meted with penalties ranging from reprimand, fine, suspension, and in 5 of said resolutions, the subject employees were dismissed from government service.

2. RUN AFTER TAX EVADERS (RATE) PROGRAM

The RATE program identifies and prosecutes high profile tax evaders through investigation of large-scale violations of tax laws. It also reviews all pending cases with the Court of Tax Appeals and the Department of Justice (DOJ), and strengthen the program by filing a minimum of one (1) significant case per semester, per Revenue District Office (RDO), to improve voluntary compliance (the “fear factor” approach).

In 2018, 197 RATE cases were filed with the DOJ with estimated tax liabilities of Php15.0 billion.

3. BOC’S BUREAU’S ACTION TEAM AGAINST THE SMUGGLERS (BATAS)

In 2018, a total of 69 criminal cases were filed before the DOJ against importers engaged in illicit trade, as well as customs brokers and even customs officials who were found to have violated customs laws, rules, and regulations.

The total seizures of the BOC in 2018 reached more than Php2.0 billion worth of smuggled goods and Php3.1 billion worth of illegal drugs.

4. DOF HOTLINE 8888 CITIZEN COMPLAINT CENTER

Hotline 8888 was institutionalized through Executive Order (EO) No. 06 signed on 14 October 2016.

Through Hotline 8888, the public is encouraged to report poor and inefficient public service delivery and corrupt practices in all government agencies, government owned and controlled corporations, government financial institutions and other instrumentalities of the Philippine government.

In 2018, a total of 101 complaints were received.

Of these, 99 were closed while two remain pending. Majority of the complaints received were on slow processing of tax refund applications and concerns on claims of accounts under closed banks. The Revenue Operations Group (ROG) received the most number of complaints among the DOF offices while the Philippine Deposit Insurance Corporation (PDIC) among the attached agencies.

5. FINANCIAL ANALYTICS AND INTELLIGENCE (FAI)

Pursuant to EO No. 46, s. 2017, the Fiscal Intelligence Unit of the DOF was renamed to Financial Analytics and Intelligence (FAI) Unit. In 2018, the FAI accomplished the following:

Reviewed ten Voluntary Disclosure Program (VDP) applications, of which five letter replies were sent to VDP applicants, three are with proposed recommendation and two applications have already been indorsed for appropriate action to the BOC.

Reviewed and evaluated 37 applications of claims for refunds of duties and taxes, of which

25 applications are with proposed recommendation and 12 applications have already been indorsed for appropriate action to the BOC.

Serves as the DOF Secretariat in the drafting, reviewing, and monitoring of the issuance of Customs Administrative Orders (CAOs) on various topics of the Customs Modernization and Tariff Act (RA 10863).

The CAO on Amended Rules on Consolidated Shipment of Balikbayan Boxes (CAO No. 01-2018) was approved and signed by the Secretary of Finance on 09 August 2018.

5. ANTI-RED TAPE ACT (ARTA)

With the enactment of R.A. No. 11032 or the “Ease on Doing Business and Effective Government Services Delivery Act of 2018” amending R.A. No. 9485 or the Anti-Red Tape Act, the DOF issued Department Order No. 38-2016, directing the DOF anti-red tape team to formulate measures designed to speed up work-related processes in DOF and its attached agencies and GOCCs."

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"The DOF anti-red tape team formulated measures designed to speed-up work-related processes in DOF and its attached agencies and GOCCs. The DOF also continued to spearhead programs on cutting red tape and improving the ease of doing business in 2018, with the government’s online trading portal that automates licensing, permits and other trade procedures and successfully linking up with other regional economies through the ASEAN Single Window (ASW) System.

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"DOF continued to intensify its campaign against smuggling and tax evasion through the combined efforts of BOC and BIR in 2018. The BIR spearheaded several raids on warehouses storing counterfeit cigarette brands, while BOC intercepted undocumented shipments of rice, steel products, luxury cars and other assorted goods."

**On customs modernization**

The Customs ng Bayan website (www.dof.gov.ph/customsngbayan) and Customs dashboard in the Open Data website (data.gov.ph/infographics/commodity-import) provide the public with useful Customs data, such as imports, trade activity reports, and advisories.

**The** Customs **and Tariff Modernization Act**

The drafting of the implementing rules of the Customs Modernization Act involve the public and result from public consultations "to encourage feedback and inputs from stakeholders."

A sample press release issued by the Department can be accessed via <https://www.dof.gov.ph/p30-b-haul-from-mighty-tops-dof-drive-vs-tax-fraud/>.

The public can access the latest consultations requests and outputs of the consultations under the CMTA through the microsite of the Department <https://www.dof.gov.ph/issuances/cmta_irr/>.

**Are Governments mobilizing domestic resources for development by:**

***v. Asking the private sector to pay its fair share; and***

The Department of Finance and the Bureau of Internal Revenue are publishing the Tax Watch "to increase transparency on tax payments and to encourage people to be conscientious in paying the right taxes". Details and report related to the campaign can be accessed via the on-line site <https://www.dof.gov.ph/advocacies/tax-watch/>

The Department of Finance and its main revenue collecting agencies - BIR and BOC - continue to pursue efforts to ensure that businesses properly settle their tax obligations with the government. One example showcasing the National Government's fight against tax fraud is through its campaign against a tobacco manufacturer in 2017.

Excerpts of the press release[[28]](#footnote-28) from the Department highlight the following:

"The Department of Finance (DOF) made history in 2017 by collecting from cigarette manufacturer Mighty Corporation a total of P30 billion, the biggest sum on record raised by the government from a tax settlement, which was the result of a heightened joint campaign by the Bureaus of Internal Revenue (BIR) and of Customs (BOC) against tax cheats.

Under the leadership of Finance Secretary Carlos Dominguez III, the BIR and BOC stepped up their joint drive to expose Mighty’s use of counterfeit tax stamps through separate raids of its leased warehouses in Bulacan, Pampanga, General Santos City and other locations in the first quarter of 2017.

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Dominguez said he hopes that the closer coordination between the BIR and BOC, which was a key factor in the success of the campaign against Mighty, would yield another big-time tax cheat in 2018, especially after he had directed the two agencies to set up joint anti-smuggling task forces to intensify the government’s drive against tax fraud."

**Are Governments mobilizing domestic resources for development by:**

***vi. Ending illicit financial flows that direct resources out of countries?***

Under Republic Act (RA) No. 10168 or the Terrorism Financing Prevention and Suppression Act of 2012, money laundering and terrorism financing activities are tagged as criminal acts. This law "represents the country’s firm commitment to fight global terrorism and its financing"

The law expands on or complements the Anti-Money Laundering Act (Republic Act No. 9160) which established the Anti-Money Laundering Council (AMLC) in 2001, as amended, and other domestic laws . The AMLC serves as the country's Financial Intelligence Unit "to protect the integrity and confidentiality of bank accounts and to ensure that the Philippines shall not be used as a money laundering site for the proceeds of any unlawful activity."

AMLC published its recent risk assessment on the country's exposure to external threats. This report can be accessed by the public via <http://www.amlc.gov.ph/16-news-and-announcements/186-amlc-external-threats-study-context-and-caveat>.

1. **Are States developing integrated national financing frameworks that take into account the need for coherence across the internationally agreed 2015 policy frameworks and seek to mobilize the maximum resources available?**
2. **Are Governments mobilizing domestic resources for development by:**
3. **Retaining State resources, including land and minerals;**
4. **Strengthening tax collection capabilities;**
5. **Implementing fairer, more transparent and progressive tax policies;**
6. **Countering corruption;**
7. **Asking the private sector to pay its fair share; and**
8. **Ending illicit financial flows that direct resources out of countries?**

Tax Reform for Acceleration and Inclusion

The government’s effort to mobilize domestic resources to finance the administration’s commitment to higher spending on infrastructure and social services is through the passage of Republic Act No. 10963 or the Tax Reform for Acceleration and Inclusion (TRAIN) Act on December 19, 2017. TRAIN is Package 1 of the Comprehensive Tax Reform Package (CTRP). The purpose of CTRP is to make the tax system simpler, fairer, and more efficient to be able to have a sustainable stream of revenue to make meaningful investments.

The TRAIN presented amendments to several provisions of the National Internal Revenue Code of 1977 on personal income taxation, passive income for both individual and corporations, estate tax, donor’s tax, value-added tax (VAT), excise tax, documentary stamp tax (DST), and tax administration. It also introduced new taxes such as the excise tax on sugar-sweetened beverages and cosmetic procedures. Revenues generated from TRAIN will fund the people’s availment of VAT-exempt medicine for diabetes, high cholesterol, and hypertension, the creation of classrooms and hiring of teachers to create a more conducive learning environment, and the implementation of the infrastructure projects under the government’s Build, Build, Build program of the Department of Public Works and Highways (DPWH). Part of the reform’s social mitigating measures is the provision of the Unconditional Cash Transfers (UCT) to alleviate the impact of the fuel excise increase on the poorest households. The government also implemented the Pantawid Pasada Program (PPP) wherein fuel vouchers are being distributed to qualified franchise holders of public utility jeepneys to offset the impact of higher excise on fuel products.

The CTRP Package 1B or the Tax Amnesty Act (Republic Act No. 11213) was signed into law on February 14, 2019. Its objective is to allow errant taxpayers affordably settle their outstanding tax liabilities in order to provide the government additional revenues.

The other CTRP packages include corporate income tax and incentives rationalization (Package 2), sin taxes (Package 2+), mining taxes (Package 2+), real property valuation (Package 3), passive income and financial taxes (Package 4), and motor vehicle user’s charge.

1. **MACROECONOMIC TAX POLICY**

**a. In evaluating tax policies and fiscal incentives, are States conducting human rights impact assessments and analyzing whether they are achieving the goals of creating employment, providing living wages and good working conditions for the population?**

The Department of Finance, through its Strategy, Economics, and Results Group, prepared its analysis of the job impacts of the Comprehensive Tax Reform Program - Package 1 [Tax Reform for Acceleration and Inclusion or TRAIN[[29]](#footnote-29)] which was published on-line (<https://taxreform.dof.gov.ph/about-tax-reform/>) with the following content:

"Package 1 will create about half a million jobs over the next half-decade and could lift up to 250,000 Filipinos out of poverty over the same period.

Package 1 can generate PHP 134 billion. If at least half of that is invested in infrastructure, 67,000 jobs can be directly generated in construction, and almost 70,000 jobs can be created in the rest of the economy, for a total of 137,000 jobs. All packages, meanwhile, can generate PHP 309 billion. This implies that a total of 315,000 jobs can be created in the economy. Tax reform will enable us to realize the Build, Build, Build program to be realized. Estimated to cost PHP 8.4 trillion, the program can create around 17 million jobs over the implementation period. Even at only 50 percent implementation, the program can create more than 8 million jobs over its life."

Other reports and analyses relating to the reforms initiated by the Department of Finance, under the Comprehensive Tax Reform Program, are presented to the public through presentations and dialogues with a variety of stakeholders such as industry, private sector, foreign organizations, taxpayers, students (youth), and the Philippine Congress. The presentation materials, reports, and other references are downloadable via [https://taxreform.dof.gov.ph/publication/recent-presentations/#](https://taxreform.dof.gov.ph/publication/recent-presentations/).

**b. Is information on taxation rates, incentives and revenues generated by major economic actors publicly available and shared to facilitate international cooperation?**

The Philippine Government regularly provides updates on its macroeconomic performance, including indicators on revenue performance to its development partners.

For example, it participates in the annual country consultations of the International Monetary Fund under Article IV.

The Department of Finance also convenes or participates in regular consultations on country strategies and development cooperation with the World Bank Group/International Bank for Reconstruction and Development, Asian Development Bank, agencies and entities of the United Nations system, Japan International Cooperation Agency, and other foreign governments and international organizations.

Consistent with the transparency duties and obligations enshrined under the 1987 Constitution, domestic laws and public policies[[30]](#footnote-30), the Department of Finance publishes data and information through reports, which are accessible by the public in its website. Data on revenue performance are also included in the executive's submission of the budget for Congressional deliberations.

Examples of recent laws and policy reforms promoting transparency and public information sharing are as follows:

* 1. focused on tax incentives administered by investment promotion agencies and mandating the government to obtain tax incentives report from investment promotion agencies (Republic Act No. 10708 or the Transparency in the Management and Accounting of Tax Incentives or TIMTA), and
	2. access to information (executive order on Freedom of Information and Ease of Doing Business law).

In addition, the Department of Finance, through its National Tax Research Center, a research arm conducting studies and technical assistance on taxation, publishes and generates reports. A recent report - Philippine Public Finance and Related Statistics - published in 2018 included data on investment tax expenditures. A copy of the report can be viewed at http://www.ntrc.gov.ph/images/Publications/2017-Philippine-Public-Finance.pdf.

1. **BENEFIT SHARING AND SOCIAL PROTECTION**

**c. Are States guaranteeing social protection floors, even in times of crisis?**

Several flagship social protection mechanisms are embedded and integrated in the following laws and programs:

In 2019, the **Pantawid Pamilyang Pilipino Program (4Ps) Act** (Republic Act No. 11310) institutionalized the flagship, national poverty reduction strategy and human capital investment program of the Government (which started in 2008) by providing conditional cash transfers to poor households over a seven-year period covering health, nutrition, and education needs[[31]](#footnote-31).

As part of the **Comprehensive Tax Reform Program**, led by the Department of Finance, the Government provides health insurance from taxes on sugar-sweetened beverages, alcohol, tobacco, and e-cigarettes[[32]](#footnote-32). The tax collections, with additional mandates under amendments to Tobacco Tax Reform Law (Republic Act (RA) Nos. 10963 (2017), 11346 (2019), and 11467 (2020) enacted in January 2020, also augment the funding for programs to fulfill government commitments under the 2030 Agenda for Sustainable Development by allocating 20% of the collections from the sin taxes[[33]](#footnote-33).

Rice trade liberalization was introduced in 2019 through the Rice Tariffication Law (Republic Act No. 11203), a landmark law that also established the Rice Competitiveness Enhancement Fund to support farm modernization and provide farmers with credit, training, and agricultural inputs from duties from rice imports paid by traders[[34]](#footnote-34).

In times of calamities and disasters, the **social protection agencies**, such as the PhilHealth, Government Service Insurance System (GSIS) and the Social Security System (SSS), and national government agencies led by the Department of Social Welfare and Development (DSWD) provide support (through emergency financing/loans) and emergency response to individuals or communities in crisis situations (like cash transfers, emergency employment). Under the cross-department and multi-sectoral National Disaster Risk Reduction and Management Council, DSWD serves as the lead for the response cluster.

The government also provides for **Quick Response Funds (QRFs)**, which are built-in budgetary allocations that represent pre-disaster or standby funds for agencies in order to immediately assist areas stricken by catastrophes and crises. The agencies with built-in QRFs to ensure immediate action during calamities include DPWH, Department of National Defense (DND) – Office of the Secretary (OSEC)/ Office of the Civil Defense (OCD), DEPED, DSWD and DA. In addition, a **Calamity Fund**, which is provided in the General Appropriations Act, may be accessed in times of crisis and/or disasters. It is a lump sum fund intended to cover aid, relief, and rehabilitation services to communities/areas affected by man-made and natural calamities, repair and reconstruction of permanent structures, including capital expenditures for pre-disaster operations, rehabilitation and other related activities. The use of the Calamity Fund requires the recommendation of the National Disaster Risk Reduction and Management Council (NDRRMC), a working group of various government, non-government, civil sector, and private sector organizations established under Republic Act No. 10121, or the approval of the Office of the President to trigger the use and release of funds.

**FINANCING FOR DEVELOPMENT: INTERNATIONAL AND REGIONAL LEVEL PRACTICES**

1. **PARTICIPATION AND ACCESS TO INFORMATION**

**d. What measures ensure that civil society participates throughout FFD processes, including with respect to PPPs and loan agreements, such as by evaluating the services delivered and their conformity with existing norms and obligations?**

**On international agreements - international trade agreements**

The Department of Trade and Industry (DTI) leads the consultation process on international trade negotiations and review. Through the "One Country, One Voice" mechanism that began in 2011, the government brings together multiple stakeholders to promote "transparency and accountability" by "engaging in dialogues, building mutual trust, and arriving at rational, sound and balanced trade policies in pursuit of national development."[[35]](#footnote-35)

**On financing**

The Philippine Government, as borrower, adheres and conforms with requirements of international financing institutions involving environmental and social safeguards, labor standards, and gender.

Environmental and Social Safeguards. To ensure that the people and the environment are protected from potential adverse impacts relative to the implementation of projects, lending institutions require borrowing countries to comply with their environmental and social safeguards. Examples of these requirements include conducting environmental and social impact assessments, consulting with affected communities about potential impacts, and restoring the livelihoods of displaced people/communities.

Labor Standards, Health and Safety. Borrowing countries are required to ensure that applicable labor law and regulations are complied with through inclusion of specific provisions in the bidding documents such as incorporating applicable workplace occupational safety norms, prohibiting child labor, prohibiting discrimination in respect to employment and occupation, allowing freedom of association and effectively recognizing the right to collective bargaining, and disseminating or engaging appropriate service providers to disseminate information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the project and to members of local communities surrounding the project area.

Gender and Development. Principles of gender equality aimed at increasing project benefits are also required to be adhered to by the borrowing countries. These principles include equal pay to men and women for work of equal value, enabling working conditions for women workers, and taking necessary actions to encourage women living in the project area to participate in the design and implementation of project activities. Taking these into account will ensure that the maximum economic benefit gained from any investment of the Government meets the needs of both women and men.

Governance and Anti-corruption. In the fight against corruption, lending institutions require borrowing countries to comply with their anti-corruption policies to maintain the highest ethical standards in the implementation of projects/programs.

**Non-state actors**

Non-state actors like civil society organizations and non-governmental organizations serve as delivery partners of foreign assistance in the country.

Development partners such as the World Bank Group and Asian Development Bank[[36]](#footnote-36), [[37]](#footnote-37) also engage with non-government entities through several mechanisms:

* 1. implementor of programs and projects, at times in collaboration with government actors[[38]](#footnote-38);
	2. beneficiary of financing or technical assistance to support their capacities and participate in the development processes; and
	3. participant in consultations on multilateral development bank policies (like safeguards) and project cycle (design, evaluation such as through ADB's Accountability Mechanism).

**Civil Society Participation in review of foreign-assisted projects**

During monitoring and review of Official Development Assistance, the National Economic and Development Authority constructively engages civil society networks in the annual presentation of monitoring results of projects and programs funded by foreign assistance

**Engagement in international partnerships (Global Partnership for Effective Development Cooperation)**

The Philippines is a signatory to the Busan Partnership for Effective Development Co-operation. The third round of monitoring reflects the consultations of the government with civil society organizations, trade unions, and private sector, among other key stakeholders in development cooperation.

The 2016 country profile is available at http://effectivecooperation.org/philippines\_10\_10/.

**Country reporting to 2030 UN Agenda for Sustainable Development**

Progress on the cooperation was also reported in the 2019 Voluntary National Reviews submitted by the Government to the United Nations, through the High-Level Political Forum on Sustainable Development, on its progress in achieving the 17 Sustainable Development Goals.

Excerpts from the country report on the Philippine Voluntary National Review cite the following:

"The Philippines participated anew in the 3rd Monitoring Survey Round of the Global Partnership for Effective Development Cooperation. Coordinated by Organization for Economic Cooperation and Development and UNDP, the GPEDC seeks to gather evidence on progress in implementing effective development cooperation commitments at the country, regional, and global levels, supporting accountability among all development partners. A Philippine country report entitled “2018 Philippine Report: Enhancing Multi-Stakeholder Approach to Monitoring for Effective Development Cooperation” summarized findings of the monitoring survey resulting from several rounds of consultation with 14 development partners, 19 government agencies, 18 private sector firms, and various CSOs and trade union organizations. Findings of the report indicate that at the strategic level, there is a high level of alignment between development partners’ country assistance strategies (CAS) with the PDP 2017-2022, AmBisyon Natin 2040, and the SDGs. Majority of the CAS timeframe is in sync with the timing of the national plan. The Philippine government signs off on 65 percent of these CAS. Transparency and inclusive partnerships are also pursued as 90.0 percent of development partners engaged CSOs, 80.0 percent consulted the private sector, and 55.0 percent engaged other stakeholders in the formulation of their respective CAS.”*[[39]](#footnote-39)*

**Monitoring and Evaluation Network**

The annual Monitoring and Evaluation Network Forum[[40]](#footnote-40), another initiative of NEDA that complements its ODA monitoring task, has been conducted since 2011[[41]](#footnote-41). It brings practitioners and participants from government, academe, development partners, and civil society to engage and discuss on evidence-based monitoring and associated topics.

1. **RESOURCE MOBILIZATION**
	1. **How are FFD stakeholders promoting coherence across the internationally agreed 2015 policy frameworks, such as by supporting States in developing integrated national financing frameworks and by adopting common definitions and methodologies for measuring impact?**

Sub-Committee on the SDGS

The creation of a Sub-Committee on the SDGs under the Development Budget Coordinating Committee (DBCC) is a strategic arrangement and provides a platform to link planning and budgeting to ensure that SDG-supportive programs and projects will be adequately funded. The DBCC is mandated to recommend the approval of the annual government expenditure program and the corresponding allocation of expenditure for each development activity. The objectives of the Sub-Committee on the SDGs is to have a body that will be able to identify gaps of current policies and programs needed to be addressed to drive progress on the SDGs, and to review and approve policy, program, partnerships, and budget recommendations of the technical working groups and present these recommendations to the DBCC. The roles and functions of the Sub-Committee on SDGs include the following:

* Provide support, guidance, and oversight on the integration of the SDGs into the PDP and related sectoral plans;
* Identify and address gaps of current policies and programs needed to drive progress on the SDGs and coordinate with DBM on the funding of these programs;
* Monitor the implementation and effectiveness of the programs identified in the SDG Annex in meeting the 2030 targets;
* Propose to Congress and Senate SDG-relevant policies and communicate needed budget for the SDG-related programs and projects; and
* Review and approve SDG-related policy, program, partnerships, and budget recommendations proposed by the TWGs.

**b. What measures are development banks and investors taking to end the practice of imposing conditionalities on States that would require them to take actions such as adjusting the tax infrastructure and imposing austerity measures that would be detrimental to their own development?**

**On development finance**

The findings and recommendations in the UNDP-Government document on **Development Finance Assessment** served as inputs to the national long-term vision and development planning documents of the government[[42]](#footnote-42).

A recent report commissioned by the United Nations Development Programme - **Financing the Sustainable Development Goals in ASEAN Strengthening integrated national financing frameworks to deliver the 2030 Agenda** - reviewed progress and assessed that "ASEAN countries are making progress in establishing and strengthening the building blocks of an integrated national financing framework, yet there are also areas for all countries where further reforms could strengthen the system as a whole."

**On green finance**

The Inter-agency Task Force on Sustainable Financing (or Green Force), an inter-agency group led by the Department of Finance and the Bangko Sentral ng Pilipinas, was created in 2019 to facilitate the roadmap for sustainable finance.[[43]](#footnote-43)

In terms of international resource mobilization for climate action, the Department of Finance leads or supports cross-department mechanism for the country's access to international mechanisms such as the Green Climate Finance.

1. **Given the potential harm of reliance on austerity programs and PPPs for resource generation, what steps are FFD stakeholders taking to encourage the strengthening of public finance for the internationally agreed 2015 policy frameworks, for instance, through the widening of central banks’ focus to encompass development support?**

**The New Central Bank Act**

The amendment of the Bangko Sentral ng Pilipinas (BSP) charter through the passage of Republic Act No. 11211 or the “New Central Bank Act” would strengthen the BSP’s capacity to foster price and financial stability. The new BSP charter includes a package of reforms that will further align its operations with global best practices, improve its corporate viability, and enhance its ability to make policies in the expanding financial markets. First, the law authorized the increase in BSP’s capitalization from PhP 50 billion to PhP 200 billion, which will be sourced from dividends declared by the BSP in favor of the national government. It also provides that BSP is exempt from taxes on income derived from its government operations. The revised charter removed money supply and credit levels as basis for determining monetary policy, which is in line with current international trends, and restored the BSP’s authority to issue debt papers as part of its regular operations, providing BSP greater flexibility in determining the timing and size of its monetary operations. Under the inflation targeting framework, the BSP focuses mainly on achieving price stability as the ultimate objective of monetary policy instead of targeting monetary aggregates. The law also provides a wider coverage of institutions under the supervision of BSP to include money service businesses, credit granting businesses, and payment system operators. This will allow the BSP to be in a strategic position to address potential risks arising from the linkages of the banks and these financial entities.

1. **How are FFD stakeholders fostering a culture of transparency and accountability for all financial intermediaries?**

**Budget and Treasury Management System**

In 2019, the DBM launched the Budget and Treasury Management System (BTMS) as the new government financial management system for better transparency and accountability, and efficiency among national government agencies. The BTMS is an integrated and fully-automated platform for a sustainable Government Resource Planning (GRP) solution that is extensible, flexible, and adaptable to reforms as well as suits a wide range of public financial requirements. The implementation of the BTMS was piloted in the DBM and the Bureau of the Treasury (BTr) as both oversight and spending agencies while the Commission on Audit (COA) have special access to the system to support its auditing functions. Roll-out of the system to all national government agencies was conducted within the same year. In addition, the BTMS supports the DBM in the maintenance and complete trail of budget appropriations and balances for each national agency as well as supports high-level aggregation of processes relating to the collection, handling, and usage of cash resources undertaken by the BTr. The BTMS will also address the 2016 Public Expenditure and Financial Accountability (PEFA) assessment of the government on the lack of budget credibility, lack of funding credibility, weak cash management, and absence of a common budgetary and accounting classification.

**Transparency Seal**

The General Provisions of the General Appropriations Act (GAA) in the previous years have included a provision on Strict Adherence to Procurement Procedures, Laws, Rules and Regulations. In the FY 2012 GAA, the Transparency Seal provision was first included in the General Provisions. The requirement for Transparency Seal was carried over in the succeeding national budgets. In the 2020 GAA, the Transparency Seal provision was included in Section 94.

A Transparency Seal, prominently displayed on the main page of the website of a particular government agency, is a certificate that it has complied with the requirements of Section 94. This Seal links to a page within the agency’s website which contains the following information:

* The agency’s mandates and functions, names of officials with their designations, and contact information;
* Approved budgets and corresponding targets;
* Annual procurement plans and contracts awarded with the winning supplier, contractor or consultant;
* Major activities or projects;
* Status of implementation, evaluation or assessment of reports of said activities and projects;
* Budget and Financial Accountability Report;
* People’s Freedom of Information (FOI) Manual, Agency Information Inventory, FOI Summary Report, and FOI Registry; and
* Annual reports on the status of income authorized by law.

**Data and Reports in the DBM Website**

The DBM website contains data on the Annual Budgets of the departments/agencies. The website also provides reports and status of releases and disbursements made available to the public. The posting of the releases and disbursements is in support of having a transparent and accountable government. These include status reports on the following:

* *Statement of Allotment Release Order -* A specific authority issued to identified agencies to incur obligations not exceeding a given amount during a specified period for the purpose indicated. It shall cover expenditures the release of which is subject to compliance with specific laws or regulations, or is subject to separate approval or clearance by competent authority.
* *Notice of Cash Allocation (NCA) -* Cash authority issued by the DBM to central, regional and provincial offices and operating units through the authorized government servicing banks of the Modified Disbursement Scheme (MDS), to cover the cash requirements of the agencies.
* *Statement of Allotment, Obligation and Balances (SAOB) -* The SAOB is the operating unit’s summary report of allotments received and corresponding obligations/expenditures incurred during the month, from all sources, by object of expenditure.
* *General Allotment Release Order (GARO) –* The GARO is a comprehensive authority issued to all agencies in general, to incur obligations not exceeding an authorized amount during a specified period for the purpose indicated. It shall cover expenditures common to most, if not all, agencies without need of special clearance or approval from a competent authority

Reports on Utilization of Cash Allocation are also available in the DBM website. The reports reflect the cash allocation released to the department/agency and the corresponding amounts utilized and unutilized on a monthly basis. DBM sources the information for this report from the Government Servicing Banks.

In addition, the DBM publishes reports on the National Government (NG) Disbursement Performance. The NG Disbursement Performance is a monthly report reflecting the national government’s operating expenditures, capital outlays and lending. A narrative on the monthly report is also available to compare annual and quarterly trends in the disbursement performance.

**People’s Budget Series**

The People’s Budget Series and the People’s National Expenditure Program (NEP) are DBM issued publications that presents a simplified or non-technical summary of the budget. These aim at making the budget and its policies easier to comprehend by the stakeholders such as Congress and the general public. The DBM started the publication of the People’s Budget and the People’s NEP for the FY 2012 budget. The People’s Budget and People’s NEP are available in the DBM website.

1. **International Cooperation**

**a. In which ways are FFD stakeholders increasing their international cooperation in tax matters, for example by exchanging information about tax payments, publicizing tax rates and revenues generated by major economic actors and ensuring that financial intermediaries do not accept illicit assets?**

Mechanisms for international tax cooperation are mainly institutionalized through Double Taxation Agreements.

The country's national tax authority, the Bureau of Internal Revenue (BIR), provides the following explanation[[44]](#footnote-44):

"The legal basis for exchanging information with other tax jurisdiction is the effective Philippine tax treaties (list of effective Philippine tax treaties is provided in the ‘Double Tax Agreements’ tab of this website). In addition, Republic Act (RA) No. 10021, otherwise known as the Exchange of Information Act of 2009, authorizes the BIR to obtain and exchange information on bank deposits and other information held by financial institutions pursuant to an international convention or agreement to which the Philippines is a signatory or a party of."

The country participated in the second round of the peer review process under the Global Forum on Transparency and Exchange of Information for Tax Purposes[[45]](#footnote-45).

In assessing the "practical implementation of the international standards on transparency and exchange of information," the Organization for Economic Co-operation and Development (OECD) published in 2018 concluded that the Philippines is "largely compliant".[[46]](#footnote-46)

Moreover, in 2014, the Philippines, through the BIR, became a member of the Organization for Economic Cooperation and Development (OECD) Convention on Mutual Administrative Assistance in Tax Matters (MAC). The MAC, developed by the OECD and the Council of Europe, is a multilateral agreement promoting international cooperation for effective implementation of national tax laws. It aims to assist developing countries secure the benefits of the cooperative tax environment, including a multilateral approach for the automatic exchange of information. The agreement would give the country an efficient and expeditious way of increasing the tax treaty network and negotiating and updating bilateral tax treaties. In addition, it would grant the country a tool to fight tax evasion and improve international compliance of taxpayers by allowing the BIR to obtain jurisdiction over non-resident taxpayers with tax liabilities in the Philippines. It would also provide assistance in recovery, service of documents, and the freezing of assets.

1. **How are FFD stakeholders cooperating to mobilize additional resources – including knowledge sharing, technical cooperation, capacity-building and technology transfers – in order to provide the means and facilities to foster comprehensive development?**

The Department of Trade and Industry (DTI) is mandated as the main economic catalyst that enables innovative, competitive, job generating, inclusive business, and empowers consumers. It is also the executive department that manages the international trade agenda of the country. The Philippines pursues its trade policy interests at various levels: (a) a multilateral trade policy through the World Trade Organization (WTO); (b) a regional trade policy primarily through the Association of Southeast Asian Nations (ASEAN) and the Asia-Pacific Economic Cooperation (APEC); and (c) bilateral trade agreements. The Philippines have established various trade agreements/memberships with the following:

* Founding member of the WTO;
* Bilateral economic partnership agreement with Japan;
* Free trade agreement with the European Free Trade Association;
* Part of the ASEAN Free Trade Area (AFTA); and
* Through the ASEAN, has Free Trade Agreements (FTAs) with China, Japan, South Korea, Australia, New Zealand, and India.
1. **BENEFIT SHARING AND SOCIAL PROTECTION**
2. **What measures guarantee that rights holder are meaningfully involved in setting the terms for and sharing the benefits of all development ventures, including PPPs?**
3. **How are FFD stakeholders, including the private sector, ensuring that the benefits of growth are equitably distributed to all segments of populations to reduce inequalities and reach the most vulnerable groups?**

**Regional – Local Investment Process**

The DBM and NEDA issued the Regional Investment Programming-Budgeting Call for FY 2020 through Joint Memorandum Circular (JMC) No. 2018-1 on December 2018. The JMC was issued to strengthen the planning-investment programming-budgeting linkages at the national level by instituting a process to ensure that the regional priority activities/projects are discussed and considered in the national agency sectoral plans, investment programs, and budget. The JMC would guide the regional investment programming and budgeting processes of three (3) pilot agencies that have the most number of proposed regional priority projects: DPWH, DOH and DA.

The preparation of the investment program starts at the regional level wherein Agency Regional Offices (AROs) shall identify and prioritize their proposed activities/projects for inclusion in the Regional Development Investment Plans (RDIPs) after consultation with their respective Agency Central Offices (ACOs). The Regional Development Councils (RDCs) shall update their RDIPs to ensure its alignment with the goals and objectives under their respective Regional Development Plans. The AROs submits the RDC-endorsed activities/projects in the RDIPs to the ACOs as input to the agency Public Investment Plans (PIP). At the agency level, the ACOs consults the AROs in the prioritization RDC-endorsed activities/projects in terms of relevance and responsiveness to the PDP and RM for consideration in the inclusion in the agency PIP, which will be submitted through the PIP Online (PIPOL) System. The ACOs should inform the AROs of the final validated list of activities/projects in the PIP, and the AROs inform their respective RDCs on which activities/projects have been included or not included in the agency PIP.

The budget preparation process starts with the consultation between the ACOs and AROs on the RDC-endorsed activities/projects, guided by the ACOs’ budget priorities for the medium term, indicative budget ceiling for the fiscal year based on the National Expenditure Program, and the criteria for determining the implementation-readiness of the activity/project. The AROs submit their annual or multi-year budget proposals to the ACOs, which the ACOs incorporate in their final budget proposal.

The JMC also provides for a feedback process wherein the ACO informs the AROs and DBM on the activities/projects that were included in the agency budget proposal by providing them a copy of Budget Preparation (BP) Form C (Summary of RDC Inputs and Recommendations on Agency Programs and Projects). The ACOs, through the AROs, provide feedback to the RDCs on the final list of the activities/projects in the GAA using BP Form C-1 (Summary of RDIP PAPs Included in the Agency Budget Proposal) within thirty days upon approval of the GAA. The DBM will use the PDP/Socioeconomic Report, PIP, Three-Year Rolling Infrastructure Program, and BP Form C for prioritizing the activities/projects during the Technical Budget Hearings and Executive Review Board deliberations.

**CSO Accreditation**

The DILG issued Memorandum Circular No. 2019-72 on May 2019 on the Guidelines on Accreditation of Civil Society Organizations (CSOs) and Selection of Representatives to the Local Special Bodies (LSB) to strengthen the CSO participation in local governance and development processes. The accredited CSOs have the opportunity to be represented in the LSB where citizens and citizen groups participate in the planning and governance of the local government unit.

The LSB includes the Local Health Board, Local School Board, Local Peace and Order Council, and the Local Development Council (LDC), which provides inputs to the Annual Investment Plan of the LGU. The selection of the local CSO representatives to the LDC shall constitute not less than one-fourth (1/4) and may be increased to one-half (1/2) of the members of the fully organized council to further expand citizen participation.

1. **Are FFD stakeholders promoting the maintenance of social protection floors, even in times of crisis?**

The NEDA has identified ODA programs and projects that contribute to Philippine Development Plan (PDP) and Results Matrices (RM) Sector Objectives. Listed below are the ODA programs/projects as of 2018 contributing to the attainment of reducing vulnerability of individuals and families (Chapter 11 of the PDP).

| **PDP-RM Indicator** | **Program/Project** | **Implementing Agency/ Office** |
| --- | --- | --- |
| Number of CCT beneficiaries covered | Social Protection Support Project and Social Welfare Development and Reform Project II | DSWDWB |
| Percentage of families affected by natural and human-induced calamities provided with relief assistance | Kapit-Bisig Laban sa Kahirapan Comprehensive and Integrated Delivery of Social Services - National Community-Driven Development Program (KCNCDDP) | ADBWB |
| Return and Reintegration for Assisted Trafficking Victims in Japan | International Organization for Migration (IOM) |
| KC-NCDDP Additional Financing: Livelihood and Entrepreneurship (KC-NCDDP AF) | ADB |
| Emergency Assistance and Early Recovery for Poor Municipalities Affected by Typhoon Yolanda (EAERTY)/ | ADB |
| Percentage of emergency shelter assistance provided | KC-NCDDP | ADB/ WB |
| Capacity Building Support to the DSWD Towards the Protection of Mobile and Fragile Populations in the Philippines (CBS-DSWD) | IOM |
| Emergency and Transitional Shelter Support for Populations Displaced by Typhoon Ompong/ Mangkhut (ETSSTO) | IOM |

**------ END ------**

1. Accessible via [http://pdp.neda.gov.ph/#](http://pdp.neda.gov.ph/) [↑](#footnote-ref-1)
2. Available at: <https://www.officialgazette.gov.ph/2016/10/24/memorandum-circular-no-12-s-2016/>. Excerpts provide the following mandates regarding public consultation:

*SECTION 1. The National Economic and Development Authority (NEDA) shall coordinate the preparation of the Philippine Development Plan (PDP), Public Investment Program (PIP) and Regional Development Plans/Investment Programs for the period 20172022 to be jointly formulated by the executive and legislative branches of the government,* ***with the participation of other sectors, including the marginalized and private sectors****.* [Emphasis added]

*SECTION 7. All sectors of society, both public and private, shall be consulted to the fullest to obtain their opinions and positions on matters related to the plans [medium-term development plans and action programs, regional development plans] herein mentioned* [↑](#footnote-ref-2)
3. <https://www.dbm.gov.ph/index.php/issuances/dbm-issuances/national-budget-memorandum> (Refer to DBM BP Form D Report of CSOs' inputs on Ongoing and New Spending Project and Activities) [↑](#footnote-ref-3)
4. https://www.dbm.gov.ph/wp-content/uploads/Executive%20Summary/2016/Citizens'%20Participation%20in%20the%20Budget%20Process%20(updated%20as%20of%2007042016).pdf [↑](#footnote-ref-4)
5. https://www.dbm.gov.ph/wp-content/uploads/Issuances/2012/National%20Budget%20Circular/NBC536/NBC536.pdf [↑](#footnote-ref-5)
6. https://www.dbm.gov.ph/wp-content/uploads/Issuances/2012/National%20Budget%20Circular/NBC539/NBC539.pdf [↑](#footnote-ref-6)
7. <https://www.dbm.gov.ph/index.php/about-us/philippine-transparency-seal> [↑](#footnote-ref-7)
8. <https://www.officialgazette.gov.ph/2017/05/16/executive-order-no-24-s-2017/> [↑](#footnote-ref-8)
9. National Disaster Risk Reduction and Management Law, Republic Act No. 10121 [↑](#footnote-ref-9)
10. <https://www.officialgazette.gov.ph/2011/11/29/neda-forms-multisectoral-network-on-monitoring-evaluation-me/> [↑](#footnote-ref-10)
11. http://www.neda.gov.ph/wp-content/uploads/2015/07/NEDA-DBM%20Joint%20Memorandum%20Circular%20No.%202015-01%20-%20National%20Evaluation%20Policy%20Framework%20of%20the%20Philippines.pdf [↑](#footnote-ref-11)
12. <https://ncddp.dswd.gov.ph/site/page/1> [↑](#footnote-ref-12)
13. Additional information on the process is available at <https://cpa.coa.gov.ph/> [↑](#footnote-ref-13)
14. <https://www.dof.gov.ph/advocacies/sulong-pilipinas/> [↑](#footnote-ref-14)
15. <https://www.dof.gov.ph/joint-statement-on-the-177th-dbcc-meeting-review-of-the-macroeconomic-assumptions-and-fiscal-program-for-the-2021-presidents-budget/> [↑](#footnote-ref-15)
16. For additional background, see: <http://www.neda.gov.ph/updating-of-the-2017-2022-public-investment-program-pip/> [↑](#footnote-ref-16)
17. Department of Budget and Management Joint Memorandum Circular (JMC) No. 2015-01 dated March 24, 2015, Revised Guidelines for Climate Change Expenditure Tagging (CCET) amending JMC No. 2013-01. Accessible at https://www.dbm.gov.ph/wp-content/uploads/Issuances/2015/Joint%20Memorandum%20Circular/JMC2015-1\_MARCH242015\_REVISEDGUIDELINESFORCLIMATECHANGEEXPENDITURETAGGING%28CCET%29AMENDINGJMC%20NO.%202013-01\_all.pdf [↑](#footnote-ref-17)
18. http://www.bsp.gov.ph/regulations/regulations.asp?id=3881 [↑](#footnote-ref-18)
19. Philippines' Bureau of Internal Revenue - Revenue Memorandum Circular No. 81-2019, Availability of New Payment Facility Utilizing PESONet through Landbank Link.biz Portal Online Payment Facility (issued 14 August 2019) [↑](#footnote-ref-19)
20. The objectives of the reform include: i) strengthening of the secured transactions legal framework in the Philippines; ii) broadening the utilization of movable assets for MSME loans and provisions of a web-based centralized registry in the LRA; and, iii) harmonizing the Philippine Chattel Mortgage Law and other related laws on secured transactions. [↑](#footnote-ref-20)
21. The new law also established a unified, centralized online notice-based collateral registry that will be lodged in the Land Registration Authority (LRA), and clearer priority rules in case of foreclosure, among others. This will provide protection and more confidence to banks and financial institutions in lending to the agricultural sector and MSMEs. The PPSL, an aspect of the Secured Transactions Reform, will further facilitate the mainstreaming of the MSMEs, comprising 99.6% of total business in the country, into the national and subsequently regional economic activities.

The new law enables borrowers to secure financing using non-traditional collateral such as account receivables, inventory, warehouse receipts, crops, livestock, machinery and equipment. [↑](#footnote-ref-21)
22. <http://www.bsp.gov.ph/publications/speeches.asp?id=692> [↑](#footnote-ref-22)
23. <https://www.dbm.gov.ph/index.php/budget-documents/2020/2020-people-s-budget/2020-budget-at-a-glance-signed> [↑](#footnote-ref-23)
24. <https://www.dbm.gov.ph/index.php/dbcc-matters/macroeconomic-assumptions-and-fiscal-targets/177th-dbcc-meeting> [↑](#footnote-ref-24)
25. <http://ph-eiti.dof.gov.ph/cup-of-t/denr-dao-on-mandatory-participation-in-eiti-sees-implementation> [↑](#footnote-ref-25)
26. ["Strong BIR performance to help Gov't achieve anti-poverty goals" Available at https://www.dof.gov.ph/strong-bir-performance-to-help-govt-achieve-anti-poverty-goals/](https://www.dof.gov.ph/strong-bir-performance-to-help-govt-achieve-anti-poverty-goals/) [↑](#footnote-ref-26)
27. Based on the DOF Annual Report 201, accessible via <https://www.dof.gov.ph/download/maintaining-the-growth-momentum-ramping-up-the-reform-agenda/> [↑](#footnote-ref-27)
28. <https://www.dof.gov.ph/p30-b-haul-from-mighty-tops-dof-drive-vs-tax-fraud/> [↑](#footnote-ref-28)
29. "The Tax Reform for Acceleration and Inclusion (TRAIN) under the Comprehensive Tax Reform Program seeks to correct a number of deficiencies in the tax system to make it simpler, fairer, and more efficient.

Specifically, TRAIN corrects the longstanding inequity of the tax system by reducing income taxes for 99 percent of income taxpayers, thereby giving them much-needed relief after 20 years of non-adjustment. It also raises significant revenues to fund the President’s priority infrastructure programs to reduce poverty incidence from 21.6 percent in 2015 to 14 percent by 2022." <https://taxreform.dof.gov.ph/tax-reform-packages/p1-train/> [↑](#footnote-ref-29)
30. This includes the Transparency Seal, the government policy mandating report and data transparency in a government agency's websites. Transparency requirements are also mandated through the Anti-red Tape law, and the electronic Freedom of Information (Executive Order No. 2, series of 2016), among others. [↑](#footnote-ref-30)
31. In 2018, World Bank published its report on social protection programs of the Philippines. The report, "Philippines: Social Protection and Assessment", is available for download at <http://documents.worldbank.org/curated/en/420821539338371335/Philippines-Social-Protection-Review-and-Assessment> [↑](#footnote-ref-31)
32. <https://www.dof.gov.ph/sin-tax-collections-almost-double-to-p269-1-b-in-2019/> [↑](#footnote-ref-32)
33. Under Republic Act 11467 in January 2020, the law mandates, among others, that revenue collections from excise tax on alcohol products, heated tobacco products and vapor products shall be allocated to support implementation of the universal health care (80% of collections) and attainment of the Sustainable Development Goals (20% of collections) based on the targets set by the national planning authority, the National Economic and Development Authority. [↑](#footnote-ref-33)
34. <https://www.dof.gov.ph/import-tax-collection-from-rice-traders-this-year-reach-p1-71-b-as-of-feb-14/> [↑](#footnote-ref-34)
35. <https://www.dti.gov.ph/international-commitments/ocov> [↑](#footnote-ref-35)
36. The ADB-managed Japan Fund for Poverty Reduction supported by the Government of Japan is one facility that directly funds non-government organizations. [↑](#footnote-ref-36)
37. https://www.adb.org/sites/default/files/publication/30174/csb-phi.pdf [↑](#footnote-ref-37)
38. An example is the US$3 million (about JPY325 million) grant implemented by the Save the Children Philippines, in collaboration with the Department of Labor and Employment, Department of Trade and Industry, and Department of Education, for a rehabilitation project on livelihood and learning in Marawi City. [↑](#footnote-ref-38)
39. <http://effectivecooperation.org/2019/09/voluntary-national-reviews-database/> [↑](#footnote-ref-39)
40. <http://www.neda.gov.ph/8th-monitoring-and-evaluation-forum-puts-we-in-me/> [↑](#footnote-ref-40)
41. <https://www.officialgazette.gov.ph/2011/11/29/neda-forms-multisectoral-network-on-monitoring-evaluation-me/> [↑](#footnote-ref-41)
42. <http://effectivecooperation.org/2017/02/linking-development-finance-with-results-a-view-from-the-philippines/> [↑](#footnote-ref-42)
43. <http://www.bsp.gov.ph/publications/speeches.asp?id=692> [↑](#footnote-ref-43)
44. https://www.bir.gov.ph/images/bir\_files/international\_tax\_affairs/Primer%20in%20Exchange%20of%20Information\_copy.docx [↑](#footnote-ref-44)
45. According to OECD, this is a "multilateral framework within which work in the area of tax transparency and exchange of information is carried out by over 145 jurisdiction that participate in the Global Forum on global footing." [↑](#footnote-ref-45)
46. The report is accessible via <https://read.oecd-ilibrary.org/taxation/global-forum-on-transparency-and-exchange-of-information-for-tax-purposes-the-philippines-2018-second-round_9789264303317-en#page7>; or through <https://doi.org/10.1787/9789264303317-en> [↑](#footnote-ref-46)