

Defence Budgeting in the Philippines

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Introduction

Setting aside actual war to gain survival of the country and the State, the Philippine military has played on a couple of occasions a significant role in the assumption to leadership of more than one administration. Some would even say that the military's role was that of kingmaker, whose participation in events became turning points in the downfall and rise of political leadership in the country.

The 1986 EDSA People Power Revolution was sparked by the mutiny of a handful of soldiers led by a general and a defense minister. In the year 2000, the tide turned against the ruling administration when the entire top level AFP leadership withdrew its support from a sitting President and joined the throngs of multi-sectoral groups calling for the ouster of the Chief Executive.

Such examples prove the relevance of the military and ironically, how it wields power not by the traditional military approach of a shooting confrontation but through the mere presence among civilian dissenters against oppressive or corrupt regimes.

On the contrary, the military has likewise attempted several times to remove administrations with the threat of armed violence. In fact, there were not few instances when blood actually flowed, result of Filipinos inflicting aggression against fellow Filipinos. But all those attempts were turned down by freedom-loving Filipinos, choosing to maintain the democratic way of life rather than allow a rule by force.

We only need to look around the world to see the harshness of military rule. But in the Philippines, the premium given by Filipinos to democracy ensures that in spite of the crucial role played by the military in the survival of the country's leadership, it is always and will continue to be always kept in check by civilian authorities.

Financing the Military: Defense Budgeting

The Constitution provides the legal framework for government to rule the country. Despite the examples of military intervention in governance, for the

Filipinos, the Constitution remains the supreme doctrine that rules over the nation.

Enshrined in the Philippine Constitution is the provision that categorically states that civilian authority shall at all times be supreme over the military. (Refer to Article II, Sec. 3 of the Constitution) This provision sets the policy direction that places the military outside the circle of policy and governance decision-making.

Article II, Sec. 17 further provides that the State places the military below other sectors such as education and sets the policy that in the allocation of resources, social development is prioritized over military spending.

The authority and policy in financing the operations of government is prescribed in the Constitution. The authority and duty to provide resources for government to continue operating is vested in the Legislature. (Refer to Constitutional provisions)

In general terms, the Constitution even provides for the procedures in resource allocation. (Article VII, Sec. 22)

Aside from the Constitution, other laws and issuances also provide the legal framework in financing government operations. (Refer to presentation)

The Budget Process : The General Appropriations Act

The budget process is a cycle that is repeated every year, a cycle that is participated in by the executive and the legislative branches of government.

The cycle is composed of four stages, namely: (Refer to slide)

1. **BUDGET PREPARATION** – refers to the formulation of estimates of revenues and expenditures by the executive departments and agencies.
2. **BUDGET LEGISLATION OR AUTHORIZATION** – pertains to the whole range of legislative action on the budget leading to the enactment of a general appropriations law for the year.
3. **BUDGET EXECUTION OR IMPLEMENTATION** – covers allotment of appropriations by the central budget authority to, and the incurrence of obligations by, the spending departments and agencies of government.
4. **BUDGET ACCOUNTABILITY OR REVIEW** – involves in essence the reporting of actual performance against plans or targets.

(Refer to slide showing cycle)

As you can see, the four stages form a cycle, repeating year after year.

(Refer to slide showing budget process)

In the Philippine system, the budget is a law passed by the Legislature, which is then implemented by the Executive. Having a bicameral legislature, the process involves the concurrence of both the House of Representatives and the Senate, although the House of Representatives is mandated to initiate all appropriations, revenue and tariff bills, with the Senate concurring or proposing amendments.

The process begins with the executive submitting its budget proposal to the House of Representatives which, through the committee on Appropriations, scrutinizes the proposed budget which is defended by the executive agencies.

After the House of Representatives, it then goes to the Senate and undergoes the same procedures. Should there be a difference in the budget approved by the House of Representatives from the one approved by the Senate, a bicameral conference committee is formed to reconcile the differences.

The final version approved by both Legislative Houses then goes to the President for signature, completing the procedures for the passage of the General Appropriations Act.

Budgeting for the DND / AFP

In the management of its resources, the Armed Forces of the Philippines employs the Planning, Programming and Budgeting System, or the PPBS, the center piece of which is the Multi-Year Capability Planning System or MYCaPS.

(Refer to slide showing what MYCaPS is)

MYCaPS is the product of a study undertaken by a joint RP-US team which came up with the Philippine Defense Reform program. MYCaPS provides for a system of multi-year budgeting based on the AFP's mission, capabilities and the government's available resources.

PPBS and the National Government Budgeting Process

(Refer to slide showing interaction of PPBS and NG Budgeting)

The DND/AFP Planning, Programming and Budgeting System interacts with the National Government Budgeting Process at a certain point. Prior to the first stage which is the budget preparation, the PPBS must already have completed its cycle, providing inputs to the formulation of a national government budget proposal.

The Budget Process

(Refer to slide showing budget preparation flowchart, followed by its highlight in the process slide)

The whole process involves the interaction of the various agencies and branches of government.

(Refer to slide showing budget legislation flowchart, followed by its highlight in the process slide)

Budget legislation is another process, as discussed earlier.

(Refer to slide showing budget execution flowchart, followed by its highlight in the process slide)

The executive department executes or implements the budget.

(Refer to slide showing budget accountability flowchart, followed by its highlight in the process slide)

The final stage of the cycle before it repeats is the budget accountability where monitoring and evaluation is conducted.

Improving the System

As mentioned, the DND/AFP initiated a study into its own system to make it more dynamic, efficient and responsive to the needs of the times. Following are the difference between the old Planning, Programming, Budgeting System (PPBS) and the new Planning, Programming, Budgeting, Evaluation System (PPBES) :

Old PPBS vs. New PPBES

PPBS	PPBES
Threat based planning	Capability-based Force Planning
Functional line programming	Mission Area programming
Input oriented budgeting	Performance-based Budgeting
Single year programming	Multi year Planning and Programming
No linkage	Links strategy to plans, programs & budgets

Resource Management Questions

The whole system has checkpoints at certain stages of the cycle. Symbolic of these checkpoints are the following questions that guide resource managers:

“Where are we?” - Operational readiness evaluation (OpREval)

“Where are we going?” - Defense Planning Guide (DPG)

“How do we get there?” - Program Objective Memorandum (POM)

“What are the means to get there?” - Annual Plan & Budget (APB)

“Are we getting there?” - Program and Budget Performance Review (PBPR)

Challenges Facing the DND/AFP

1. **Economic Challenge** - The primary challenge faced by the defense establishment and the military is similar to what all the other government agencies are experiencing: the Philippine economic condition. Government has a low revenue collection in relation to its expenditures. Since the government cannot accommodate all funding requirements of the agencies, the DND/AFP cannot effect significant improvements in its organization. The situation forces the agencies to sacrifice less priorities due to reduced allocation for their programs, projects and activities.

As a result, the AFP can only sustain its current readiness level to accomplish its mission with the given fiscal limits as provided by the National Government.

2. **Constitutional Challenge** – a lid is placed over the AFP by the fact that its allocated budget should not exceed the budget of the Department of Education (DepEd), as prescribed by the Constitution. This also impedes the AFP from achieving its set goals to improve its equipage to be a par with other nations in the region.
3. **Provisions of Law** - To make it even harder for the Force to realize its Philippine Defense Reform (PDR) Programs, the current Procurement Process of the country holds back the speedy delivery of military mission essential equipment. These equipment are supposed to considerably increase the military’s capabilities which enable it to address all potential threats to the country, perform its constitutional mandate and social responsibilities, as well as other tasks as mandated by the Commander in Chief.

Conclusion

In closing, allow me to summarize the observations.

The DND/AFP, recognizing the need to reform its systems in order to improve the delivery of services and fulfillment of its mission and mandate, initiated a shift in its procedures and processes. This shift involves the budget system and orientation.

The military does not enjoy special status or treatment and undergoes the same checks and balances experienced by other government agencies.

The military is still facing challenges, some shared by other agencies, such as the economic crunch and some particular to the organization, such as the procurement