

**Executive Order  
No. 95  
April 28, 1999**

**SUBJECT : Ensuring Effective Operational Processes and Structural Arrangements for Budgeting and Management Functions.**

**WHEREAS**, the Department of Budget and Management (DBM) is the primary government agency mandated to prepare and implement the national budget and pursue fiscal and management reforms in the operation of the bureaucracy;

**WHEREAS**, instituting improvements in public expenditure management has been a priority concern of the Department, which could be achieved, among others, by putting in place a three-year plan which could contain agency program priorities and implementation strategies, devolving to agency heads the authority to utilize budget, and to operate a performance evaluation and monitoring system among agencies;

**WHEREAS**, the Department is gearing towards a fully computerized budgeting system through the Budget Execution and Accountability Tracking (B.E.A.T.) System that will computerize the budget execution and accountability phases of the budget process and streamline budget release procedures to enable the prompt provision of funds to agencies;

**WHEREAS**, in view of these budgetary innovations a refocusing in the functions of the different organizational units, as well as the operational strategies in the Department, should be effected to make its organizational setup and operational processes more responsive to the requirements of the improvements in public expenditure management;

**WHEREAS**, under Section 20, Chapter 7, Title I, Book III of Executive Order No. 292 (Administrative Code of 1987), the President of the Philippines is empowered to exercise such powers and functions vested in him which are provided for under the laws;

**WHEREAS**, under Section 77 of the General Provisions of Republic Act No. 8745 (FY 1999 General Appropriation Act), the President may direct changes in the organization and key positions in any department, bureau or agency; and

**WHEREAS**, Section 79 of the General Provisions of RA 8745, directs heads of departments, bureaus and agencies to scale down, phase out or abolish activities no longer essential in the delivery of public services, and provides that savings generated from the abolition, phasing out or scaling down of unnecessary activities may be used by the departments, bureaus and agencies concerned for the augmentation of their respective programs, projects and activities.

**NOW, THEREFORE, I, JOSEPH EJERCITO ESTRADA**, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

**SECTION 1** *Functional Focus*. In the light of the efforts to shift public expenditure management from cost-based to performance-based, the Department of Budget and Management shall accordingly, effect policy, organizational, functional and operational refocusing strategies that will address the following priority concerns:

- a. Adoption of a medium-term expenditure framework that would consider a level of expenditures not only for the budget year but for subsequent years, as well, and would enable a more predictable planning environment for agencies;

- b. Adoption of measures to enhance efficiency in allowing and utilizing resources through, among others, the grant of more authority and flexibility to agencies in budget utilization and provision of performance incentives; and
- c. Development and implementation of a performance monitoring and evaluation system that would be related to resource allocation.

**Sec. 2** *Organizational and Operational Adjustments in the DBM.* To ensure that the above priority concerns will be effectively undertaken, the Secretary of the Department of Budget and Management shall review its existing operational processes, systems and setup, and determine appropriate mechanisms and strategies, subject to existing organizational and staffing guidelines and standards. In compliance with these requirements, the following considerations should be taken:

1. Ensuring the conduct of policy researches/studies and standard-setting on budgeting and management;
2. Integration of related/homogeneous activities in the Department along three major functional categories: policy and management services, budget operations, and internal administrative and support services;
3. Strengthening of the functions of the budget operation units from those on fund releasing/realignment to agency performance assessment and monitoring of budget utilization;
4. Delegation of more responsibilities to the Regional Offices; and
5. Strengthening of the coordinative/integrative and monitoring activities between and among the units in the Central Office and the Regional Offices.

As part of the DMB's continuing efforts to institute budgeting and management reforms, the Secretary of Budget and Management is further authorized to make operational/structural adjustments in the Department, as necessary, to achieve effectiveness and efficiency in accomplishing its mandates.

**Sec. 3** *Redeployment of Personnel.* As necessary, the existing personnel of the DBM shall be redeployed in accordance with the requirements of the revised organization structure and staffing pattern and civil service rules and regulations. Such redeployment shall not result in the diminution in rank and compensation of affected personnel.

**Sec. 4** *Funding.* The financial resources required to implement the revised staffing pattern shall be taken from funds available in the DBM, provided that the necessary organizational and staffing modifications shall not entail additional funds for Personal Services.

**Sec. 5** *Effectivity.* This Executive Order shall take effect immediately.

DONE in the City of Manila, this 28<sup>th</sup> day of April, in the year of our Lord, nineteen hundred and ninety-nine

**(Sgd.) JOSEPH EJERCITO ESTRADA**  
President

By the President:

**(Sgd.) RONALDO B. ZAMORA**  
Executive Secretary