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Lack of transparency in gov't's 'special-purpose funds' rapped

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By **RORIE FAJARDO**, [GMANews.TV](#)

The lack of access to complete information on the nation's budget leaves hundreds of billion pesos, classified as special-purpose funds, vulnerable to transfers that are not transparent to the public, a former National Treasurer said on Wednesday.

"We only pay attention to allocations to departments and agencies. But it is in special purpose funds where transfers are made far from the eyes of the public," said Leonor Briones, who headed the Bureau of the Treasury from 1998-2001 during the term of former President Joseph Estrada.

Special purpose funds account for 60 percent, or about P669 billion, of the proposed P1.126 trillion budget for 2007, according to the website of the Department of Budget and Management.

The funds, also known as lump-sum operations, have 17 particulars, including debt payments, calamity fund, agriculture modernization fund, agrarian reform fund, Armed Forces modernization fund, and allocation to local government units.

On the other hand, budgets of departments and agencies comprise 40 percent, or about P457 billion, of next year's budget.

"It is only when the press gets hold of audit reports or studies that public gets wind of the government's financial fiascos, usually more than a year later," said Briones, now convenor of the nongovernment advocacy group Social Watch Philippines and one of the panelists of a budget transparency forum held at the Sulo Hotel in Quezon City.

The P728-million fertilizer fund, which was allegedly diverted to the 2004 campaign kitty of President Gloria Macapagal Arroyo, was sourced from special-purpose funds.

The public first learned of the controversial fund only in September 2005 following a report of the Philippine Center for Investigative Journalism (PCIJ).

In relation to the scandal, the Senate launched an inquiry and later ordered the arrest of former Agriculture undersecretary Jocelyn "Joc-Joc" Bolante, who was reportedly in charge of the fertilizer fund, for repeatedly

snubbing the hearings.

Bolante has since fled and is being held in the United States after he tried to enter that country with an expired visa.

Budget hearings a 'circus'

Briones warned that unlike in allocations for departments and agencies, the executive department can make reallocations in special-purpose funds even during the implementation of the budget.

In effect, some offices or projects get more than what is originally allocated to them, Briones said.

The former National Treasurer, also a professor at the National College of Public Administration and Governance at the University of the Philippines in Diliman, said that budget hearings at the House of Representatives, so far the most public in the budget cycle, still shuts off the public from the important aspects of budget planning.

"Budget hearings are like a circus providing comic relief to people. But the crucial decisions are made in executive lounges or in private negotiations," Briones said.

She referred to the bicameral committee, comprised of a select group of senators and representatives, as the "third House," since the body crafts the final version of the budget — with significant intervention from the executive branch.

"The public has no notion of bicameral committee meetings. There are no minutes. It's a 'deal or no deal' negotiation," Briones said.

'Room for improvement'

Briones' warning came as the Philippines earned a 51 out of 100 rating in a recent international study on budget transparency and accountability.

"The Philippines' performance indicates that the government provides citizens with some information on the central government's budget and financial activities, but that there is much room for improvement," said the Open Budget Initiative 2006, an international fiscal policy research group.

The PCIJ, which conducted research on the Philippine budget process, presented its findings at the forum organized by the coalition Access to Information Network (ATIN).

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