



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO STREET, SAN MIGUEL, MANILA

CORPORATE OPERATING BUDGET
Fiscal Year 2020

TO: LAND BANK OF THE PHILIPPINES (LBP)

Your Corporate Operating Budget (COB) for Fiscal Year 2020 per approved Board Resolution Nos. 19-930 and 20-797 dated December 11, 2019 and November 11, 2020 respectively, submitted pursuant to Section 6 of Executive Order (E.O.) No. 518, series of 1979 and Section 19, Chapter 3, Book VI of E.O. No. 292, series of 1987, is hereby approved for a total of **THREE HUNDRED SIX BILLION NINE HUNDRED THIRTY-SEVEN MILLION FIVE HUNDRED TWENTY-THREE THOUSAND PESOS (P306,937,523,000)**, details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
TOTAL SOURCES:	P 707,864,630,000	P 707,864,630,000	-
Corporate Funds	607,371,569,000	607,371,569,000	-
Borrowings & Deposits	35,505,061,000	35,505,061,000	-
General Fund/National Government (NG) Support	64,988,000,000	64,988,000,000	-
Subsidy	36,488,000,000	36,488,000,000	-
Equity	28,500,000,000	28,500,000,000	a/
TOTAL USES:	P 309,054,946,000	P 306,937,523,000	P (2,117,423,000)
Personnel Services (PS)	17,477,000,000	17,181,929,000	(295,071,000) b/
Maintenance and Other Operating Expenses (MOOE)	71,673,000,000	71,599,108,000	(73,892,000)
Operating Expenses	35,185,000,000	35,111,108,000	(73,892,000) c/
Tax Reform Cash Transfer	36,488,000,000	36,488,000,000	-
Capital Outlays (CO)	219,904,946,000	218,156,486,000	d/ (1,748,460,000)
Capital Expenditures	7,300,850,000	5,552,390,000	e/ (1,748,460,000)
Banking Operations	212,604,096,000	212,604,096,000	-
Excess/(Shortfall)	P 398,809,684,000	P 400,927,107,000	P 2,117,423,000

Footnotes:

a/ Based on authorized National Government equity contribution pursuant to Republic Act No. 11494 or the Bayanihan to Recover as One Act. Utilization of the P27.5 Billion shall be subject to the approval of the Office of the President and release of allotment for the purpose.

b/ The PS variance refers to overprovision and disallowance of the following items:

Per Diem	P 270,000	Based on GCG approval and prescribed rates of Executive Order No. 24 Charged to savings from MOOE per Budget Circular No. 2020-5. Requires OP approval upon recommendation by the Department of Foreign Affairs pursuant to RA No. 7157. Limited to entitled positions certified by the Department of Health and prescribed rates for hazard pay, subsistence, and laundry allowances of public health workers per DBM-DOH Joint Circular (JC) No. 1, s. 2012 and DBM-DOH JC No. 1, s. 2016.
Collective Negotiation Agreement	252,500,000	
Overseas and Other Allowances	42,000,000	
Magna Carta Benefits (Hazard Pay, Subsistence, Laundry)	301,000	
Total	P 295,071,000	

Pursuant to Section 2 of EO No. 36 dated July 28, 2017, SSL-covered GOCCs shall adopt the Modified Salary Schedule under EO No. 201 dated February 19, 2016 as well as allowances and benefits provided therein, upon approval by the Governance Commission for Government-owned and/or Controlled Corporations (GCG).

The implementation of the compensation adjustments shall be subject to the provisions of EO No. 201, where applicable, GOCCs which do not have adequate or sufficient funds shall partially implement the Modified Salary Schedule and authorized benefits. In case of partial implementation, the same shall be at a uniform percentage across all positions of the GOCC.

c/ MOOE level computed considering highest actual/audited expenses for the previous years and the effects of inflation. Details of variance are as follows:

Particulars	Amount
Power, Light and Water	P 54,535,000
Fuel and Lubricants	9,228,000
Donation and Charitable Contribution	10,129,000
Total	P 73,892,000

d/ The recommended CO level is broken down as follows:

<u>Particulars</u>	<u>Amount</u>
<u>Capital Expenditures</u>	
Land and Land Improvements Outlay	P 441,224,000
Buildings and Structures Outlay	1,908,378,000
Furnitures and Fixtures, Equipment and Books Outlay	2,148,260,000
Other Assets / Intangible Assets Outlay	<u>1,054,528,000</u>
Sub-total	<u>P 5,552,390,000</u>
<u>Banking Operations</u>	
Investments Outlay	117,107,221,000
Loans Outlay	59,512,321,000
Others (Deposits)	<u>35,984,554,000</u>
Sub-total	<u>P 212,604,096,000</u>
Total	<u><u>P 218,156,486,000</u></u>

e/ Variance in capital expenditures refers to land and land improvements outlay amounting to P0.638 Billion and Building and Structures Outlay amounting to P1.100 Billion whose implementation will spill over in FY 2021 . Also included in the variance is the reprogrammed amount of motor vehicle (MV) in FY 2020 (P0.011 Billion) with prior authority to purchase under APMV No. C-19-0020. Per confirmation with the LBP, the acquisition of the MV will not push through this year and will be reprogrammed in FY 2021.

The recommended amount in the capital outlay for banking operations already includes the P28.5 Billion capital infusion from the National Government pursuant to RA No. 11494.

Notwithstanding, the above-indicated variances in PS, MOOE, and CO, the LBP has the flexibility to modify its utilization within the DBM-approved budget level for items funded out of the corporate funds. In case of those funded out of NG budgetary support, Section 70 of the General Provisions of RA No. 11465 on the rules on the modification in allotment shall apply.

The following conditions shall be observed and complied with:

1. All expenditures, whether for current operating expenditures or CO, shall be made within the limits of available funds realized from corporate receipts, authorized corporate borrowings and National Government budgetary support either in the form of subsidy, equity or loans outlay.
2. Any increase in the approved principal COB in the course of the budget year, as may be warranted by additional corporate receipts, shall require the submission of a supplemental COB to cover the additional expenditures.
3. Disbursement for PS shall strictly observe pertinent compensation laws, rules and regulations, including Executive Order (EO) Nos. 7 and 24 dated September 8, 2010 and February 10, 2011, respectively, and EO No. 203 as amended by EO No. 36 (Suspending the Compensation and Position Classification System under EO No. 203, providing for Interim Compensation Adjustments, and for Other Purposes) for GOCCs covered by RA 10149. Such expenditures shall be subject to relevant conditions under the General Provisions of the annual GAA or any specific law or approval of the President of the Philippines and/or Secretary of Budget and Management or the GCG, as the case maybe.
4. The interim measures prescribed under EO 36 dated July 28, 2017 as implemented by GCG Memorandum No. 2017-03 dated August 24, 2017 shall be strictly observed.
5. Disbursements for Extraordinary and Miscellaneous Expenses (EME) and othe MOOE expenditures shall be subject to relevant provisions of the annual GAA, among others.
6. For equipment outlays included in the Annual Procurement Program that require specific clearance/approval from the agencies concerned, the same shall be secured before acquisition thereof. Examples: Department of Information and Communications Technology for procurement of information and communication technology equipment covered by the GOCC's Information System Strategic Plan, and OP/Department of Budget and Management/Supervising Department for the purchase of motor vehicles (MV), in accordance with Corporate Budget Circular No. 17 dated February 9, 1996, Administrative Order No. 14 dated December 10, 2018; Budget Circular (BC) No. 2019-2 dated March 4, 2019; Office of the President Memorandum Circular No. 9 dated December 14, 2010. Further, the classification/s and specifications of subject motor vehicle/s shall be consistent with the provisions of BC No. 2019-2, and Annex B of BC No. 2017-1, among others.
7. Electronic payment shall be observed in the disbursement of corporate and public funds. In cases when the adoption is impracticable, GOCC shall be allowed to continue with the existing payment scheme.
8. It is understood that this review action does not authorize any item of expenditure that is prohibited by or inconsistent with the provisions of law.
9. Any and all officials or employees who will authorize, allow or permit, as well as those who are negligent in the performance of their duties and functions which resulted in the incurrence or payment of unauthorized and unlawful obligation or expenditure shall be personally liable to the government for the full amount committed or expended and subject to disciplinary actions in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of EO 292.

Recommending Approval:


CARMENCITA P. MAHINAY
 Director, Budget and Management Bureau - C

Approved:

By Authority of the Secretary:

TINA ROSE MARIE L. CANDÁ
 Undersecretary

Date: December 18, 2020

COB-C4-20-0051

cc: The Chairman
 Board of Directors, LBP

 Assistant Commissioner Winnie Rose H, Encallado
 Commission on Audit (COA) - Central Office
 COA Building, Quezon City
 The Resident Auditor
 COA-LBP