Exploring the Financial Footprints of NCIP

SANTOS JOSÉ O. DACANAY III
University of the Philippines Baguio

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Abstract

This paper adds to a growing literature concerned with the instrumentality of annual appropriations, audited financial reports and development approaches, and the consequences of their adoption and use within State-Indigenous Community relations. It explores a single case of how the National Commission on Indigenous Peoples (NCIP), a government agency tasked with the overall recognition and protection of indigenous peoples' and communities' (IPs/ICCs) rights in the Philippines, use these instruments in pursuit of its rights-based and multi-stakeholder agenda. The article examines how the NCIP navigates through state-imposed instruments and involves the idea of institutional footprints where an organization leaves marks where it has been active, which can be studied to give clues both about the organization itself and the effect of its actions. This exploratory study on financial footprints finds heavy fiscal dependence of NCIP on the state, a huge personnel burden, weak financial control measures, poor absorptive capacity and lack in readiness of selected project partners, and pronounced regional disparity and inequity in fund allocation and service delivery. The transition from incremental to performance-based, then to zero-based, budgeting, and the adoption of the rights-based approach show how the adoption of state instruments reshape the focus and priority of NCIP. The harmonization and interface of the proposed IP Master Plan 2012-2016 with the Philippine Development Plan 2011-2016 provides a renewed challenge for advancing IP and ICC rights and well-being as a test case for inclusive growth.

Keywords: National Commission on Indigenous Peoples, organizational footprints, performance-based budgeting, incremental budgeting approach, zero-based budgeting, human rights-based approach.

Introduction

On October 29, 1997, Republic Act No. 8371 otherwise known as the Indigenous Peoples' Rights Acts (IPRA) was signed into law in the

Philippines. Being the first comprehensive law on indigenous peoples in Asia, it is considered as a landmark legislation that ensures the protection of indigenous peoples' rights and well-being (Panlipi-ILO, 2005). To make IPRA a reality, a government agency called the National Commission on Indigenous Peoples (NCIP) was created from the defunct and previously merged Office for Northern Cultural Communities and Office for Southern Cultural Communities, to formulate, and implement policies, plans and programs along the four-fold agenda of recognition and protection of ancestral domain/ land rights, self-governance and empowerment, cultural integrity, social justice and human rights. These four bundles of rights embody the ILO Convention on Indigenous and Tribal peoples (ILO169) which the Philippine Senate has yet to ratify and the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), which the Philippine Government has adopted.

This essay focuses on NCIP as the overall implementing and coordinating arm of the IPRA. The budget and financial health of NCIP, as the state's primary instrument to ensure the recognition and protection of the so-called four bundles of rights, are examined within the context of budget reforms and development thrusts. The instruments of budgets and financial reports as applied to NCIP have never been studied to our knowledge, though accounting systems as observed between IPs and governments elsewhere have been the object of exemplary studies for such contexts as Canada (Neu and Therrien, 2003; Neu and Graham, 2004, 2006; Neu and Heincke, 2004), Fiji (Achary, 1997; Davie, 2000, 2005), New Zealand (Hoooper and Kearins, 1997, 2004), Australia (Greer, 2009) and the USA (Preston and Oakes, 2001; Preston, 2006; Oakes and Young, 2008). This investigation hopes to contribute to this growing literature concerned with the state's instrumentality of annual appropriations, as well as audited financial reports and development approaches, and the consequences of their adoption and use in state-indigenous community relations.

The article explores how NCIP navigates its way through state-imposed instruments and works with the idea of institutional footprints whereby an organization leaves traces in its spheres of activity, which can then be studied to give clues both about the organization itself and the effect of its actions (Roche, 2007). This exploratory study on financial footprints discovers the almost complete fiscal dependence of the NCIP on the state, a personnel-heavy bureaucracy and weak financial control measures in its operations, poor absorptive capacity and lack of readiness of its selected project partners, and glaring regional disparity and inequity in fund allocation among its constituencies. The transition in budgeting from one that is incremental to another that is performance-based, and finally to something that is zero-based, and the adoption of the rights-based approach show how various state instruments reshape the focus and priorities of NCIP. The harmonization and interface of the proposed IP Master Plan 2012-2016 with the Philippine Development Plan 2011-2016 provides a renewed challenge for the advancement of IP and ICC rights and well-being as a test case of inclusive growth.

This exploratory study is essentially formative in nature as it ultimately advocates change and reform. This could be change in the organization itself resulting from this initial review, or public action on the part of another organization, interest group, or IPs/ICCs informed by the investigation. Assessing the long-term impact of the IPRA as primarily implemented by NCIP is beyond the scope of this study as it requires a systematic, careful review of how the law has actually worked on the ground in terms of achieving the overall objectives that attended the IPRA's formulation.

The main body of the essay is organized in four sections. The first briefly discusses the framework and method employed. This is followed by an examination of the anatomy of the NCIP appropriations. Financial reports from budget utilization and significant findings about them are discussed in the third section, while the fourth section provides notes and comments on budget reforms and development approaches. The consequences of the instruments' use in state-indigenous communities relations are summarized in the conclusion.

Framework and method

The study subscribes to the framework and method of analyzing government organizations put forward by Berne and Schramm (1986). We look at the NCIP as an organizational unit of analysis, examine its financial condition using five components. Following the model and method of Berne and Schramm (1986, 73), the first part is revenue analysis, which examines the basic economic strength of the organization, the resources that can be tapped, the capacity of the government to generate revenues, and the actual revenues raised. The second element is internal resource analysis which determines the organization's ability to draw on internal financial resources to meet financial obligations, and compares existing levels and liquidity based on actual fund balances and reserves, surpluses and deficits, different levels of short-terms assets and liabilities, and need. The third component is expenditure analysis which examines the needs of the IPs/ICCs for production and provision of public goods and services, the level of expenditures required, and the actual expenditures made by NCIP. The fourth and fifth parts of the framework are debt and pension analysis, respectively. Debt and pension analysis will not be tackled in the paper as the NCIP has no long-term obligations and the annual General Appropriations Act (GAA), which contains the approved budget of the NCIP, earmarks fixed employee contributions to the pension fund as well as retirement benefits.

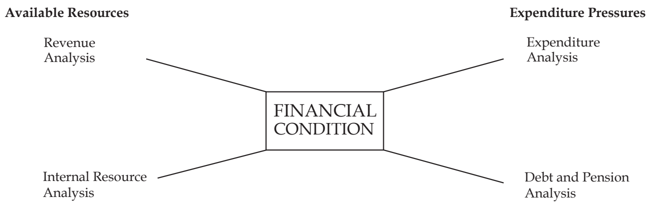


Figure 1. Framework for the analysis of government financial condition. **Source:** Berne and Schramm 1986, 74.

For the analysis of the two sides of financial condition, the NCIP transacts constantly with other organizations, interest groups, IPs, ICCs and individuals. Underpinning these transactions are available resources, which primarily is its budget or subsidy from the state. Expenditure pressures would include its overhead, its mandated services, and projects undertaken by itself or with partners such as other national government agencies (NGAs), local government units (LGUs) and nongovernment organizations (NGOs).

Strategic resource allocation is performed through the budget for public organizations; hence the control aspect of budget is far more critical compared to other types of organizations (McKinney 1995, 212). The essentially predictable and stable conditions in government agencies and the mutual contract aspect of the budget between the legislature and the citizens necessitate the monitoring and assessment of programs as well as the accountability of implementing agencies. This budget accountability finds expression in the different methods of budgeting used, where objectives and measures vary. McKinney (1995) illustrates the budget accountability continuum, progressing from line item budget to budget for social progress and change which he finds as emerging (see Fig. 2). Philippine government agencies have long progressed from line item budget to performance or results-based budget with the adoption of the Organizational Performance Indicator Framework (OPIF) within the context of the Public Expenditure Management Framework (Section 80, General Provisions, GAA, 2005). The current Aquino III administration has introduced the zero-based budgeting approach, contrasting it to the traditional incremental budgeting method, to improve transparency and deflate the fiscal deficit (Katrina Mennen A. Valdez, "Budget chief Abad explains why zero-based technique necessary," *Manila*

Times, August 8, 2010). These adopted budgeting methods provide the context for probing the financial footprints of NCIP.

Line Item Budget → Performance Budget → Zero Base Budget → Program Budget → Budget for Social Progress and Change

Objective				
Inputs control accounting for object of expenditure	Achieving desired standard outputs while minimizing inputs relating to amount of input unit to output units	Achievement of articulated goals/ result objective at the lowest cost possible for identified clienteles and constituents, creating the opportunity to reallocate resources from lower to higher priorities	Measured needs, demands, results, impact, effectiveness outcome, relevance, sustainability and significance, determining congruence between states goals and objectives to achieved results	Determining the extent to which programs make target groups or population better off over time than they were prior to intervention

Figure 2. The budget accountability continuum. **Source:** McKinney 1995, 213.

The development agenda for indigenous peoples are also set through the budget in terms of program and funding decisions. Cornell and Kalt (2005) present two approaches to economic development in American Indian reservations which are employed in this paper. The characteristics of what they term as 'standard' and 'nation building' approaches is instructive for linking the budget decisions of non-indigenous government with the development of indigenous peoples and communities. The development framework for IPs/ICCs is thus examined as context for budget decisions. Comments on the harmonization and interface of the proposed IP Master Plan 2012-2016 with the Philippine Development Plan 2011-2016 provide a critical lens with which to view the current development thrust and funding priority.

This study employs mixed-method approaches to answer its objectives. Quantitative analysis involves cross-section and time-series analyses, or vertical and horizontal, and combined analysis common in the financial statement analysis tradition. Common size and percentage change techniques are integral in the analyses. Specific ratios are also highlighted to pinpoint areas of concern. Benchmarks for certain financial condition measures, legal limits, and NCIP's own past levels of variables are used for comparison. Qualitative techniques used include the review and analysis of official and public access documents to complement the quantitative techniques. The sources used include primary documents from the Philippine

Congress, the General Appropriations Acts from 2006 to 2011; the Department of Budget and Management, particularly the staffing summary and national expenditure programs; the Commission on Audit, the Consolidated Annual Audit Reports of the NCIP from 2002 to 2009; and, the NCIP itself, for various issues of its annual reports and other public access documents.

Anatomy of appropriations

A critical starting point in assessing the NCIP as an organization is through budget analysis. In general, an agency's budget for a fiscal year shows what the resources are and how these will be generated and used over the fiscal period. The NCIP budget, thus, is the government's key instrument for promoting its socio-economic objectives in general and its commitment for the implementation of the IPRA in particular. The budget of the NCIP is detailed in the General Appropriations Act (GAA) passed by Congress and signed by the sitting president to law annually. For the year 2006, Congress was not able to pass a new GAA, hence the GAA of the previous year—2005—was automatically re-enacted. This analysis is based on the GAA for the following years: 2005 (RA 9336) where NCIP's budget is included under Other Executive Offices; 2007 (RA 9401) and 2008 (RA 9498) where they are included under the Department of Agrarian Reform; 2009 (RA 9524), 2010 (RA 9970) and 2011 (RA 10147) where they are included under the Department of Environment and Natural Resources. The inclusion of the NCIP budget under a regular department's budget reflects the prevailing executive order that places NCIP under a particular department's administrative oversight (see Ciencia of this issue for details and analysis).

The NCIP budget has two basic components: programs, which are the continuing mandates of the agency; and projects, which have identifiable outputs within a designated period. The first part of the analysis focuses on the programs. The total programs budget of NCIP is PhP 405 million in 2006 which has reached PhP 649 million in 2011, at current prices as shown in Table 1. (Henceforth, all tables referred to in the discussion are found in the Appendix.) The programs budget is broken down into three cost categories: I) General Administration and Support; II) Support to Operations; and III) Operations. Expenditures for general administration and support represent those which are considered as the agency's overhead. This represents 8.44% on average of the NCIP budget for the years 2006-2011. Support to operations refers to those activities that facilitate the agency's mandated functions and services. For NCIP, these include the development and promotion of economic livelihood programs and projects; promotion and development of culture, traditions and institutions; and coordination with different tribal institutions. Collectively, they account for 2.18% of the NCIP budget for the period 2006-2011. Expenditures for operations are those that go to regular activities directly addressing the agency's mandates. These include the implementation of socio-economic and cultural development projects which account for the bulk of the agency's budget at 61.95%; scholarship of members of cultural communities at 20.28%; and management and development of ancestral lands in support of the social reform agenda at 7.14% on average for the period 2006-2011. These item shares in the total programs budget are shown in Table 3. The regular budget of NCIP, however, needs to be translated into a base year figure to permit a more realistic comparison in view of the country's inflation rate record. Hence, the programs budget as shown in Table 1 has been transformed into 2000 prices using the Consumer Price Index (CPI). This is presented in Table 2.

Overall, the programs budget of NCIP has increased by 5% for the period 2006-2011 in real terms. This is reflected in Table 4. The years 2007-2008, 2009-2010 and 2010-2011 saw 0.52% to 1.12% decline of the NCIP programs budget, meaning the budget was not even adjusted for inflation. The years 2006-2007 and 2008-2009 posted the highest increase in the budget at 15.25% and 12.82%, respectively. In terms of cost categories, the budget for general administration and support has been growing at 3.59% on average for the period 2006-2011, with last year's increase registering the biggest growth at 9.42%. Support to operations grew by 14.4% on average for the period studied, with the bulk of the growth seen in 2010-2011 at 64%, particularly for the development and promotion of economic livelihood programs and projects at a spectacular increase of 164%—a priority of the administration as specified in President Benigno Aquino's *Social Contract with the Filipino People*. Budget for operations grew by 5% from 2006 to 2011 on average, but the year 2010 to 2011 saw a significant decline for the scholarship of the members of cultural communities at -22.67% and the management and development of ancestral lands at -13.52% at constant prices.

The second component of the approved appropriations of NCIP includes various projects as detailed in Table 5. The year 2008 witnessed the inclusion of four locally-funded projects for a total cost of PhP 42,245,000 as follows: assistance for the continuation of literacy and livelihood activities at PhP 6.5 million; acquisition of equipment at PhP 5.745 million; construction of NCIP Region V Building at PhP 20 million; and operational support fund for NCIP Region V at PhP 10 million. It should be noted that the project intended for Region V is part of the Priority Development Assistance Fund or PDAF (pork barrel fund) channelled by Sen. Joker Arroyo (NCIP 5's Regional

Director Ms. Lee T. Arroyo being his relative, and Region 5, or Bicol, his bailiwick). For the year 2009, the budget for locally-funded projects increased to PhP 100.745 million as follows: acquisition of equipment at PhP 5.745 million; construction of central office building at PhP 40 million; construction of Region II NCIP office at PhP 5 million; and conservation and preservation of ethnic culture at PhP 50 million (PhP 45 million for maintenance and other operation expenditures and PhP 5 million for capital outlay). For 2010 and 2011, the acquisition of equipment projects received appropriations of PhP 5.8 million and PhP 6.38 million, respectively.

The major operating expenditure categories are: personal services (PS) such as salaries, social security contributions, overtime pay, etc.; maintenance and other operating expenditures (MOOE) such as travelling expenses, supplies and materials, utilities, rent, etc.; and capital outlays (CO) which include infrastructure development, acquisition of vehicles, etc. whose benefits extend beyond the fiscal year and which add to the assets of government. The programs budget discussed above only include PS and MOOE, hence it is also interesting to note the PS and MOOE mix in the NCIP budget as shown in Table 6. For general administration and support, the PS and MOOE mix is basically balanced at 50-50 for the years 2006 to 2011. For support to operations, the PS and MOOE mix is 78-22 in 2006 which has substantially dropped to 51-49 in 2011, averaging 72-28 for the period. For operations, the PS and MOOE mix is 61-39. In total, the PS and MOOE mix is 60-40, which means that 60% of the NCIP programs appropriations is used for personal services such as salaries, social security contributions and benefits of 1,588 plantilla employees and officials spread in the central office with 118 personnel; 12 regional offices with a total of 300 personnel; 46 provincial offices with 414 personnel; and 108 service centers with a total of 756 personnel. The 1,588 plantilla positions, however, are not always fully filled up. The 40% goes to maintenance and other operating expenses with 35.75% on average for the period going to operations directly benefiting the IPs and ICCs. Put in another way, the 2011 programs budget of PhP 648.758 million with 11,778,150 IP population in the country (NCIP 2005 estimate), for example, shows that the government spends around PhP 55 per IP, of which PhP 33 goes to the salary and benefits of NCIP personnel (average of PhP 245,000 per annum per employee) and PhP 22 to maintenance and other operation expenses, of which around PhP 19 goes to IPs in terms of direct services.

In the preceding discussion, the terms budget and appropriation were used interchangeably. Appropriation refers to the authorization made by law, in this case the GAA, directing payment out of government funds under specified conditions or for specific purposes. But budget may be construed as the total amount of appropriations programmed to be spent during the budget year and that can be supported by available resources. Allotment, on the other hand, is an authorization issued by DBM to an implementing agency, in this case the NCIP, to incur obligations for specified amounts contained in the GAA. Because of recurring government budget deficits whose magnitude varies from year to year and the government's unimaginative response of perpetual austerity measures, the allotment issued by DBM to government agencies are usually less than the appropriations as in the case for the year 2009. However, for 2006 to 2008, NCIP received allotments which are beyond its appropriations for the respective years because DBM may release allotments for prior years' commitment in the current year. This is shown in Table 7. It can also be pointed that the NCIP incurred a balance of PhP 7.4 million, PhP 37 million, PhP 25 million and PhP 4.6 million for the years 2006 to 2009, respectively. This balance is the difference between the allotment issued by DBM and the obligations incurred or paid for by NCIP. Unlike in the private sector which puts premium on unexpended budgets or savings, the unobligated allotments or balance in government agencies is indicative of poor planning and reflective of poor absorptive capacity of funds deployed for services and projects.

Total appropriations can also be viewed as having a stable and growing component, which is the programs appropriations as base with annual increases of *a,* plus project appropriations which can swing from 0 to PhP 100 million per year for example, depending on the parameter *b*. Growth in programs appropriations has always been positive for NCIP since its inception in 1997, hence $a>0$. The huge component of programs appropriations is for personal services, and with commitments for continuing programs plus overhead, it is unthinkable to have a decreasing appropriations, though it is possible to have unfunded mandates, if congress decides to slash the executive branch's budget proposal. Hence, *a* represents the annual growth rate, which incorporates provision for inflation rate, mandatory increases for salaries, yearly growth in the budget based on macroeconomic fundamentals, and priorities or development thrusts. Another way to view the programs budget is that allocation is based on past year's expenses. So the current year's programs budget is almost always an increased amount, an increment, over the previous year's appropriations. The above discussions are captured by the equation below:

$$\text{Total appropriations} = (1+a)\ \text{Programs appropriations} + b\ \text{Project appropriations}$$

The parameter *b*, however, depends on a host of factors from political clout to need for equipment upgrades to new projects which the legislators can sponsor through their priority development fund

(PDAF, or 'pork-barrel'). Thus from budget preparation to budget authorization, we can see the use of the budget not only as a legal tool but also as a political instrument to favor certain sectors or programs among competing interests. Annual changes in the project budget figure can thus be explained by political dynamics as well as development thrusts. Limited resources and the need for consensus put a limit on what changes can be proposed or approved. There are years when there are no appropriations for projects, hence $b \geq 0$.

In the next stage in the budget cycle, appropriations of the NCIP is linked with its performance targets though the Organizational Performance Indicator Framework (OPIF) adopted in 2008. The OPIF is an expenditure management that directs resources towards results and accounts for performance. It adopts an analytical approach based on logical framework (logframe) linking societal and sectoral goals, organizational outcomes and major final outputs (MFOs). Performance indicators are set to account for accomplishments based on pre-determined targets and measures. Hence, the GAA appropriation for NCIP is transformed from peso amount to major deliverables and equivalencies through the OPIF. Table 8 comparatively shows the actual performance figures for FYs 2008 and 2009 and the targeted figures for FYs 2010 and 2011 for each of the five MFOs of NCIP. It gives an overview of the priority areas for each individual MFO, indicating the number of programs and activities geared to support the MFOs for the years 2008 to 2011, as well as the increase or decrease in the specified performance measures/targets per year. Table 8 used the data taken from the OPIF for FY 2011, whereby the Performance Measures and Targets have been updated and the figures under FY 2010 Targets have been revised. The acronyms for the different programs and projects are listed at the bottom of Table 8.

Under MFO 1-Formulation of Policy Guidelines, Plans and Programs, important projects targeted for 2011 include conducting project impact assessments, disseminating IP Master Plan copies, monitoring areas where FPIC-MOAs have been implemented, formulating ADSDPPs, and training participants on ADSDPP formulation. The actual number of IC-CIAC cases documented peaked in 2009 with 18 cases. The main thrusts of MFO 2-Advocacy and Coordination Services are conducting cultural advocacy activities, issuing COCs that greatly benefit the IPs and integrating ADSDPPs in local development plans. For MFO 3-Adjudication and Legal Services, including quasi-judicial services, NCIP has been busy in conducting investigations and facilitating and defending cases. There are several significant projects and activities for the years 2008 to 2011 that have been the focus for MFO 4-Delineation and Titling Services, including facilitating IP self-delineated ADs and ALs, monitoring delineation activities, surveying of AD and AL areas, deliberating and approving

AD and AL survey plans, and issuing of CADTs and CALTs. With the major chunk of the MFO budget in support of MFO 5-IP Development Services, the primary concern is the provision of cultural and social services which comprise the following activities: implementing health and livelihood projects, assisting IP schools, extending basic services to IPs, assisting in the food security of IPs and ICCs, and assisting IPs in crisis situations. Other vital development services are monitoring ADSDPPs and conducting ADSDPP management trainings.

Table 9 comparatively shows the MFO budgets of NCIP for FYs 2010 and 2011, categorized by MFO and by expense class. The total MFO budget for FY 2011 of PhP 691 million increased by 13.2%, or equivalent to an additional amount of PhP 80.4 million over the previous year. There is an apparent intensification of efforts to back up MFO 5-the provision of Development Services to the IPs-for FY 2011 as the budget intended for this MFO registered a near 100 percent increase (96.1%) from its corresponding amount in FY 2010, consequently accounting for a massive 83.3% of the total MFO budget for the year 2011 from 48.1% in 2010. This is equivalent to PhP 282 million in additional resources to support key programs and activities under this MFO. There is a subsequent contraction in budget particularly for three of the other MFOs, namely, MFO 2-Advocacy and Coordination Services, MFO 3-Adjudication and Legal Services, and MFO 4-Delineation and Titling Services. For MFO 2, its percentage share to the total budget declined by a significant 90.1%, accounting for a mere 1.1% share of the FY 2011 budget, from 10.8% in 2010. Likewise, the budget for MFO 3 has been limited to only PhP 3.03 million in 2011, a drop of 94.9% from its allocated budget in 2010 of PhP 59.2 million. The budget for MFO 4 posted the highest decrease in absolute amount of PhP 84.4 million, down to PhP 28.3 million, accounting for only 4.1% of the 2011 budget from a weighty 18.5% in 2010.

The allotment for MFO 1-Formulation of Policy Guidelines, Plans and Programs, accounting for an 11% share in the 2011 budget, registered a palpable drop of 3.5% from the previous year. The budgetary allocation among the five MFOs reveals that there is little correspondence to what is considered a 'major' output if viewed from their respective budgets. If MFO 2 and MFO 3 only account for 1% each of the total budget, then these are not major activities at all. Advocacy, coordination and legal services do not receive the same budget and attention as other programs. MFO 4 accounts for 4% while MFO 1 accounts for 11%, leaving 83% for MFO 5-IP development services. The huge budget for MFO 5 needs to be unbundled to reflect the different programs under the four-fold rights. The disparity between the Educational Assistance Program (EAP) which receives a budget of more than 20% of the total compared to cultural preservation that is effectively the amount of retained surplus used up in 2008. In other words, 2009 operations paid back the equity consumed in 2008. Aside from equity being paid back, it even accumulated an additional PhP 19,278,415 mainly by holding off on the payment of PhP 8,868,693 in expenses by using open accounts with suppliers and collecting about PhP 6 million pesos of receivables. Close to PhP 18 million of this excess collections in cash was used in the prepayment of assets (PhP 13,323,454) and other assets (PhP 4,188,024) being significant deviations of investments in such resources when compared to other calendar periods making the 2009 asset portfolio of the NCIP a little divergent albeit still concentrated on current assets. Similarly, the financing of assets has also become less concentrated on government equity and has taken advantage of financing by creditors. This type of debt financing is short term in nature.

There are also items with significant differences for the years 2004 and 2005 mainly because of a change in the accounting for subsidies given out by the central office. This was shown as income and then as an expense for financial statements prior to 2005 which was eventually eliminated in financial statements starting in 2005. The ratio of items in the income statements when compared to each of their respective net subsidy income amounts has been fairly consistent with the occasional spike that is immediately corrected in the succeeding years. As a substantiation of this, the amount of PS is examined. In 2002, PS made up 65.87% of net subsidy income. It suddenly goes up as 73.32% in 2003 which is a 7.45% increase. However, this 7.5% approximate increase seemed to correct itself in 2004 where PS amount is 59.28% of net subsidy income. This is now a 14.04% decrease in the proportion of PS to net subsidy income which becomes about half when the 7.45% increase in 2003 is considered. Using these figures, the projected amounts would be 65.87% in 2002, 66.30% [73.32% - (14.04%/2)] in 2003, and 66.30% [59.28% + (14.04%/2)] in 2004, all of which approach 66%. The same observation can be said about years 2005 and 2006 where PS relative to net subsidy income is 67.42% and 64.45%, respectively. Both of which, again, close to 66% at 65.94% [(67.42% +64.45%) /2]. The average of ratios from 2007, 2008, and 2009 is 1.41% greater than the (but still close to) expected 66% [(69.60% + 70.57% + 62.06%) /3] at 67.41%. This holds notwithstanding the amounts of net subsidy income presented in the financial statements. Figure 4 shows the observations made.

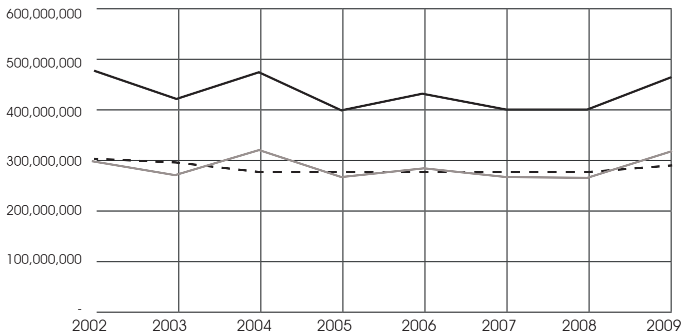


Figure 4. Personal services versus net subsidy income.

As the graph demonstrates, the actual amount of PS [dotted lines] has always been very close to a consistent rate of 66% [gray lines] of the amount of net subsidy income [black lines]. This may be puzzling for the public as the NCIP as a government agency does not pay its personnel on commission basis. This can be explained by the fact that the budget (subsidy income from the government) as prepared primarily considers the fixed obligations or salaries of plantilla personnel. There is little room for flexibility and maneuvering when it comes to salary expenditures, especially for tenured government personnel. Hence, the expected behavior of personal expenses is observed as a constant amount—shown as a horizontally straight line (fixed obligations and basic salaries for plantilla personnel) as well as a constant rate that moves with (or in proportion to) net subsidy income. The consistent ratio of 66% of personal services to subsidy income is higher than the 60%-40% PS-MOOE mix generally observed in the approved program appropriations. This slight increase can be explained by the fact that there are always unobligated allotments, or positive difference (balance) between the allotment released by DBM and the obligations incurred by the NCIP. A large part of the released obligations are PS, which tend to increase in proportion to total subsidy income as the NCIP fails to earmark MOOE allotments by yearend, or delays in the obligation of allotments.

The high PS to total programs appropriations ratio (60%) and still higher PS to total subsidy income ratio (66%) exerts tremendous expenditure pressure leading to the high personnel overhead burden of the NCIP, notwithstanding the 129 unfilled positions out of the 1,588 plantilla positions in 2010-2011. Appropriations and subsidies from the national government are mostly dedicated to PS to the detriment of MOOE and CO provision. The provision of PS with less provision for

MOOE and CO renders the human resource base of NCIP immobile and non-productive. Increases in budget should go to MOOE and CO to achieve a more reasonable PS to MOOE and CO ratio. Although there is no established standard on what is a reasonable ratio, the Local Government Code gives a cap of 55% of PS of the total budget of any LGU. In fact, only a third of the national budget goes to PS. There is the need to rationalize the NCIP plantilla positions, both filled up and unfilled, with the NCIP operations focusing on programs and projects that will best achieve its societal and organizational goals of poverty alleviation, and recognition, protection and promotion of IP rights and well-being, respectively. Re-training and matching of personnel knowledge and skills with the needs of the NCIP for IPRA implementation need to be pursued as recommended in previous studies (Garilao et al., 2002; Tuyor et al., 2007).

The Commission on Audit (COA) has rendered a qualified opinion for NCIP from 1998 to 2009 (Using Reports of the COA, 2009, 16). A qualified opinion is a notch lower than unqualified (or clean) opinion. This means that certain material transactions and accounts have been found to be improper, questionable or requiring justification, and therefore has not been passed in audit. The accounts or transactions, however, are not very significant relative to the whole operations of the agency as to fully negate other aspects of operations which were found to be in order (Using Reports of the COA, 2009). The succeeding discussion will not repeat the findings of the value for money audit and audit for compliance with laws, rules and regulations done by COA on the NCIP's behalf. Rather, it is the specific ratios and trends which have significant bearing on the way the NCIP is managed vis-à-vis its mandate that are discussed and analyzed.

The first of these ratios are unliquidated cash advances (CAs) including disallowances and others. Unliquidated CAs are amounts granted to officers and employees of the NCIP for travel and special time-bound undertakings as of yearend. Section 89 of PD 1445 requires that cash advance shall be reported and liquidated as soon as possible and that no additional CA shall be granted to any official or employee unless the previous ones have been settled. In addition, Section 5.1.3 of COA Circular No 97-002 provides that CAs for foreign travel should be liquidated 60 days after the return of the official to the Philippines and 30 days for local travel as provided for in EO 248. For the NCIP, the unliquidated CAs as of yearend 2009 stood at PhP 36.6 million. In 2002, the unliquidated CAs amount to PhP 11.3 million and increased to almost PhP 13 million in 2003. It then continually declined to PhP 8.4 million in 2004, PhP 7.5 million in 2005 and PhP 3.8 million in 2006, only to shoot up again to PhP 16.5 in 2007, and PhP 40.7 million in 2008. This is shown as the first account in Table 18.

The unliquidated CAs will be disallowed by COA if they are not settled immediately after completion of the undertaking for which they were granted and took two years or more to be accounted for. Disallowance is the disapproval in audit of a transaction, either in whole or in part. The term applies to the audit of disbursements as distinguished from 'charge' which applies to the audit of revenues or receipts. According to Article IX-D of the Constitution, "irregular, unnecessary, excessive, extravagant or unconscionable expenditures or uses of government funds and properties" may be disallowed by the COA which is also provided the 'exclusive authority' to define the scope, methods and techniques of its audits and 'examinations'. Notices of Disallowance/Charge (ND/NC) shall be considered as audit decisions. Notices of Suspension (NS) are for transactions of doubtful legality, validity, or propriety to obtain further explanation or documentation. For the NCIP, the amounts disallowed at yearend from 2002 to 2005 ranged from PhP 16.4 to 17.4 million. For 2006, it went down to PhP 9.8 million, increased to PhP 11.1 million in 2007, dramatically reduced to PhP 4.4 million in 2008 but went up again to PhP 9.6 million in 2009. Disallowances are shown as the second account in Table 18.

The third account in Table 18 labelled as 'Others' includes the unliquidated cash advances of former officials and employees of the NCIP and disallowances of former employees and officials of the defunct and previously merged ONCC and OSCC whose whereabouts are unknown for which the accounts remain dormant for more than 10 years, and have been requested for write-off. The amounts were below the PhP 5.5 million mark from 2002 to 2005, but shoot up to PhP 11.34 million, PhP 10.38 million, PhP 14.23 million and PhP 12.73 million for the years 2006 to 2009, respectively. When an employee or official with an outstanding unliquidated cash advance and disallowance is separated from service, the accounts are reclassified into 'others', hence the increase for the years 2006 to 2009.

Since the three accounts—unliquidated CAs, Disallowances and Charges, and Others—are reflected as receivables in the balance sheet of NCIP, it would be more meaningful to sum them up and divide the collective amount by amount of total assets. This ratio is a measure of efficiency of asset (cash) use as released to current and former employees and officials of NCIP. The ratio is lowest in 2006 at 8.4% and highest at 40.7% in 2008. In 2009, the ratio is 36.6% which means that for every peso of asset of NCIP, 37 centavos remain unliquidated or to be returned by current and former employees of NCIP. This observation of high percentage of unliquidated and long-standing CAs and disallowances suggests persistent weaknesses of the control procedures employed by the NCIP management. The COA has repeatedly noted this in its audit reports as these unliquidated CAs may result in possible loss or misappropriation of government funds. This has also been documented in the Philippine Public Transparency Reporting Project (*Millions Lost, Not Accountable: NCIP in Hot Water for Unliquidated Funds* by Vincent Michael Borneo, April 1, 2011).

The second of these ratios is the amount due from national government agencies (NGAs), local government units (LGUs), nongovernment organizations (NGOs), and peoples organizations (POs) to total assets. These are receivables of the NCIP from the government agencies, both national and local, and from civil society organizations (CSOs) which include NGOs/POs. These are funds transferred from NCIP to implementing agencies such as NGAs and LGUs for projects jointly undertaken and covered by a MOA. Table 19 shows that the receivables due from NGAs ranged from PhP 1 to 1.9 million for the years 2002 to 2009, except for the year 2007 when it registered PhP 4.6 million. For the account due from LGUs, the amount posted is PhP 558 thousand in 2005, PhP 229 thousand in 2006 and 2007, and PhP 589 thousand in 2008 and 2009. For the amounts due from NGOs/POs, they range from PhP 2 to PhP 4 million from 2002 to 2006, then shoot up to PhP 20.3 million in 2007, and go down to PhP 10 million in 2008 and PhP 6.8 million in 2009. Collectively, the three receivable accounts to total assets ratio ranged from a low of 1.83% in 2004 to a high of 9.57% in 2007. In 2009, this ratio is down to 3.86%. This ratio needs to be monitored as it reflects the readiness, accountability and absorptive capacity of outside entities, especially CSOs to implement or jointly implement certain projects for IPs and ICCs with funds transferred from NCIP (as the source agency) to NGOs/POs as the implementing agencies. COA Circular No. 96-003 provides that the NGO shall after the end of the agreed period of the project as stated in the MOA shall immediately submit a report on the utilization of funds, with unused balance returned to the transferring agency.

NCIP needs to set the minimum requirements/criteria for the selection of the NGO/PO project partners as stipulated in each program guideline. Accredited NGO/PO should have a certificate of registration with the SEC, CDA or DOLE, as the case may be, to ensure that the NGO/PO has legal personality; its officers must be responsible and accountable for its operations; and it must be in the community where the project will be implemented. Financial statements for at least three years operation need to be scrutinized to ensure that the NGO/PO has a stable financial condition so that the fund assistance shall not be its sole source of funds; and it must have proven experience in fund management so that the grant can be expected to be managed efficiently and economically. For NGOs/POs with less than three years of operations, proof that it has previously implemented similar projects and a certification from LGU concerned attesting to the credibility and capability of the officers and staff of the NGO/PO shall be submitted in lieu of the financial statements. COA Circular No. 94-013 also prescribes the close monitoring and immediate enforcement of the liquidation of funds transferred by issuing demand/follow-up letters, if necessary. Aside from the development, readiness, and absorptive capacity of project partners, this ratio can also be interpreted as the magnitude of projects which are 'outsourced' by the NCIP. If increasing number of projects is implemented by partners with minimal involvement of and value-added from the NCIP, then the NCIP simply becomes a conduit for the transfer of funds from the national government to NGOs/POs to implement projects for IPs/ICCs.

The third ratio is donations to net subsidy income. Donations represent the amount granted by the NCIP central office and regional offices to ICC members during the year for Educational Assistance Program (EAP), Socio-Economic Program, and financial assistance. The amount of donations appears in the statement of income and expenses, and the ratio of donations to net subsidy income from the government gives a concrete proportion of the government funds that directly goes to the IPs or members of ICCs in the form of educational and financial assistance, and socio-economic services. The ratio of donations to net subsidy income is 0.58% in 2002, which jumps to 7.2% in 2003 and stabilizes at 10.5% in 2006-2007 as shown in Table 21. It goes up to 22.5% in 2008 and drops to 16.6% in 2009. The 2009 figure means that for every PhP 100 that the national government allots to the NCIP, PhP 16.6 goes to socio-economic services, educational and financial assistance. On a per capita basis, it is PhP 10.22 and PhP 9.65 in 2008 and 2009, respectively as shown in Table 21. However, this per capita national figure is not equitably distributed on a per region basis. The per capita distribution of donations per region shows that CAR and Regions I, II, III, V, VI/VII have amounts greater than the average for 2008, which is basically the same for 2009 except that the position or rank of Region II has been replaced by Region XIII. There is pronounced disparity in the distribution of donations, ranging from PhP 1.22 in Region IX to PhP 41.04 per ICC member in CAR in 2008, and from PhP 0.10 in Region IV to PhP 64.29 per ICC member in Region V in 2009.

To complement the analysis of per capita allotment disparity across regions, Table 22 shows the distribution of the NCIP offices (proxy for service delivery points), IP population (target citizens) and the 2009 allotment from the DBM (or the NCIP resources). There are 46 provincial offices and 108 community service centers spread in the 12 regions which got an allotment of PhP 567 million in 2009, with PhP 115 million or 17% going to central office operations. The ratio of the NCIP offices in the region which is the sum of provincial offices and community service centers to regional IP population shows that each office or service delivery point caters to 76,500 IPs on average. But there appears to be a wide disparity of service delivery points to IP population. Each office in Region I, IX, X, XI and XII caters to more than 100,000 IP population on average with Region X registering the most strain at 144,500 population per service delivery point. The rest—Regions III, VI/VII, III, CAR, IV, II and XIII—serve less than the national average of 76,500 IP population per service delivery point. This further justifies the rationalization of NCIP staff complement vis-à-vis community service centers and other service delivery points.

If we apply the same ratio analysis to the 2009 regional office appropriations, it appears that the NCIP spends an average of PhP 48.15 per IP in 2009 (which is consistent with the increased PhP 55 per IP figure for 2011). This per capita allotment includes PS, MOOE and occasionally CO expenditures. However, for IPs in Mindanao, the appropriation ranges from PhP 27 to PhP 40, below the national average. Region III has a per capita allotment of PhP 47.30, slightly below the national average, while the rest have per capita allotments above the national average. The disparity between the percentage of IP population and the NCIP allotment, if persistent through a long time, would mean inequitable distribution of resources. Regions IX, X, XI and XII, for example, get percentage allotments which are low (about half) relative to their IP population percentages.

The proposed 2012 NCIP budget of PhP 718.642 million, an increase of 9.7% over the current year, reflects the observed regional allocation disparity. The proposed regional appropriations for socio-economic and cultural development programs, scholarships and management/development of ancestral domains accounts for PhP 242.931 million. In terms of percentage distribution, Regions I, II, III, V. VI, VII and the Cordillera, have higher budget percentage distribution relative to their IP population percentages, while Regions IV and the whole of Mindanao show the reverse. The observed persistent and inequitable distribution of budget across geographic areas is thus perpetuated in the 2012 proposed budget. Although the focus here is the budget of the NCIP, it reflects the widely-held view that development efforts have largely favored Luzon and to a lesser degree the Visayas, with Mindanao definitely being the most disadvantaged. Baliscan (2009) notes that the country's poor performance in economic growth and poverty reduction has often been attributed to relatively large variation in social services across regions and island groups.

Notes on budget reforms and development approaches

Underpinning the preceding analyses are two relatively new innovations in the preparation of government budget in the Philippines: the mainstreaming of the Organizational Performance Indicator Framework (OPIF) in 2007, and the adoption of zero-based budgeting (ZBB) in 2011. The OPIF is an expenditure management that directs resources towards results, hence a performance-based budget system. It adopts an analytical approach based on logical framework (logframe) linking societal and sectoral goals, organizational outcomes, and major final outputs (MFOs). Performance indicators are set to account for accomplishments based on pre-determined targets and measures. In 2008, the NCIP adopted the OPIF and identified its societal goal as "social justice and human development towards poverty alleviation," its sectoral goal as "empowerment of indigenous peoples," and its organizational outcome as "ICCs/IPs Rights and Welfare Recognized, Protected and Promoted" as shown in Figure 5 (NCIP OPIF 2008 to 2011). The OPIF stated societal goal, sectoral goal, and organizational outcome are but re-statement and partitioning of NCIP's articulated vision of a "genuinely empowered ICCs/IPs whose rights and multi-dimensional well-being are fully recognized, respected, protected and promoted within the framework of national unity and development" (2002 NCIP CAAR, p. 1). The "framework of national unity and development" is found in the declaration of state polices of IPRA (Chapter 1, Section 2a) which was translated into four tenets—Identity, Pride, Unity, and Purpose—that guided NCIP during its inception under the leadership of the NCIP's first commission chair, David A. Daoas.

The OPIF societal goal—"social justice and human development towards poverty alleviation"—can be found in the title of Chapter V of the IPRA (Social Justice and Human Rights). It was extended into a more comprehensive phrase—"social justice and human development"—which found its way into the official seal and logo where "(the color) white represents NCIP's purity of purpose in fulfilling its mandate of social justice and human development for IPs/ICCs." IPs are among the most discriminated, vulnerable, and marginalized groups, as shown in various studies as well as suggested by the correlation between low human development indicators and high concentration of IPs (Stavenhagen 2002). Provinces with the most IPs also have high poverty incidence (2011-2016 Philippine Development Plan, Chapter 8, 249). There could be another explanation for the inclusion of "poverty alleviation" in NCIP's societal goal—NCIP was under the administrative supervision of DAR, whose overarching goal is poverty reduction, when it adopted the OPIF. Ultimately, it is in the recognition of poverty as a human rights violation and of poverty itself as a root cause of a number of human rights violations, marginalization, and discrimination that its alleviation becomes a means for social justice and human development. (The major final outputs [MFOs] in the OPIF have been analyzed in the second section, "Anatomy of appropriations," of this paper.)

The replacement of the phrase "multi-dimensional well-being" in the articulated vision of NCIP to "welfare" in the OPIF has serious repercussions. First, multi-dimensional well-being was contemplated in the IPRA, to wit:

> Sec.17. *Right to Determine and Decide Priorities for Development.*- The ICCs/IPs shall have the right to determine and decide their own priorities for development affecting their **lives, beliefs, institutions, spiritual well-being**, and the lands they own, occupy or use. They shall participate in the formulation, implementation and evaluation of policies, plans and programs for national, regional and local development which may directly affect them. (emphasis mine)

The cultural dimension is oftentimes muted in development discourses while the realm of the spiritual is almost always totally absent. The IPRA reiterates this focus on well-being in Section 27 (Children and Youth) and again in Sections 38 and 39 (NCIP and its mandate). Second, well-being refers to a range of policy instruments broader than those associated with the more limited 'welfare' approaches to social policy, whereby state and non-state actors might act to engineer improvement (Wood and Newton, 2005). To illustrate, welfare outcomes of the population represent the classic objectives that social policy might be expected to meet. These refer to the need-satisfactions of the population (the extent to which their basic and intermediate needs are met), the insecurity they experience, and the extent of poverty and other measures of low or inadequate resources. The progression toward well-being is not just enjoyment of outcomes, but enjoyment of the means of enjoyment as can be seen in Sen (1985) and others who have emphasized capabilities, Ryan and Deci who have laid the stress on critical/qualified autonomy (2000), McGregor (2004) who has privileged the enhancement of resource profiles, and earlier, Schaffer and Huang (1975) who have prioritized access.

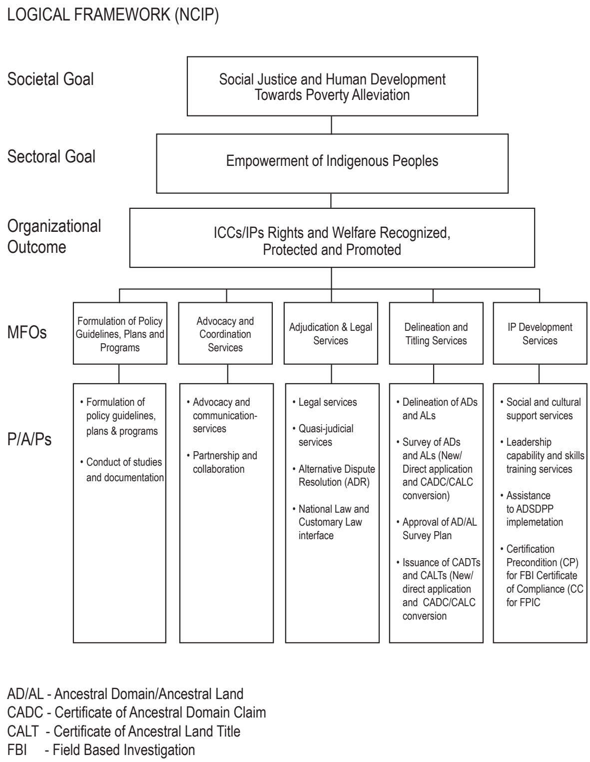


Figure 5. Logical framework of NCIP. **Source:** 2011 NCIP OPIF.

The second relatively new adoption in the budget process is the expected compliance with the zero-based budgeting (ZBB) principle. The ZBB principle requires the conduct of an in-depth assessment of the previous year's budget to determine the continuing relevance of the programs/activities/projects (P/A/Ps), whether the goals and objectives of the P/A/Ps are being achieved, and to decide whether the resources should be maintained at the same level, increased, reduced or discontinued. Such inputs must be the basis of the budget preparation. ZBB requires all agencies to assume or pretend that it has no projects and programs whatsoever, hence the term zero-based. Previous to the adoption of the ZBB, the government used the incremental budgeting method, wherein the new cycle's budget is prepared using the previous year's as a base, or the program's actual performance (captured in an equation in the second section of this paper). All projects and programs, unless decided by law or executive decision to be discontinued, are considered as ongoing. A criticism of the incremental budgeting method is that it encourages the spending or exhaustion of everything that is budgeted—even if the agency could spend less and still achieve the same level of results—because the agency thinks that Congress or the Executive branch might slash it down due to unspent appropriations.

The obvious merit of ZBB is the detailed review and analysis process that is required to justify a program or project's continuation, with high priority ones becoming the focus of funds and performance. It can have serious drawbacks in terms of an agency's organizational set-up and capability. It might also be biased against longer-term projects due to the demand for immediate results. This is particularly alarming for the NCIP which may lack the capability to evaluate its programs against its mandate and IP expectations intensively. It also requires honesty of government staffers who may instead justify the increase of their agency's budget—whether using the ZBB or incremental method—as it is their lives and livelihood on the line. The adoption of a rights-based approach (RBA) to budget programming may include 'prevention' projects such as prevention of human rights abuses, or projects preventing the erosion of certain IP rights and whose outcomes may not be certain or ascertained unless tested for effectivity in the future. These investments or projects for future generations may be very difficult to justify just as the ZBB is biased against R&D projects in the private sector. The NCIP, during its National Management Conference, held March 8-10, 2011, presented their P/A/Ps against the ZBB concept. The outcome of this exercise remains to be seen.

As the IPRA embodies bundled rights and the Philippines being a party to international instruments, particularly the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), it is under obligation to integrate human rights norms and standards in its development plans, policies and programs for the country. Administrative Order No. 249, series of 2008, mandates specific government agencies like the NCIP to undertake programs that will further promote and protect the rights of the indigenous peoples and the NEDA to ensure that the principles of the rights-based approach (RBA) are integrated into, reflected by, and defined in the country's development programs.[1] NEDA has since mainstreamed the human rights-based approach (HRBA) in development planning with UNDP as its partner. The NCIP also is in the process of re-aligning the OPIF with the RBA (NCIP Mechanism: Output Indicator System Lecture-Workshop, undated, Pansol, Calamba, Laguna).

The said NCIP workshop attempted to articulate the UN-championed RBA with the DBM-mandated OPIF. The RBA introduced a finer dimension of the OPIF which highlights the process made in the pursuit of the IP rights, with NCIP as the Duty Bearer (DB) and IPs/ICCs as the Rights Holder (RH). The dichotomy of DB/RH points to the expected and separate roles of the two entities, highlighting the accountability and responsibilities of the DB to the strengthening of equality, inclusion, the fight against discrimination, and supporting the RHs in their demands for rights. The RHs are expected to demand and exercise their rights, eventually, while the State with the NCIP as its instrumentality, and as the DB, is expected to respect, protect and fulfill such rights. Figure 6 shows the congruence between, and realignment of, the OPIF indicators system with the RBA as the workshop's output. The MFOs based on the RBA now correspond to the four-fold rights. The right to ancestral domain and lands pertains to economic empowerment with IP/ICC participation in sustainable development and protection. The right to self-governance and empowerment corresponds to political empowerment with the recognition and promotion of said right. The right to social justice and human rights equates with socio-civic empowerment with the protection of such right. The right to cultural integrity means cultural/religious empowerment with the survival of cultural practices. Supporting these revised MFOs based on RBAs are the policy setting, coordinating, and service delivery functions of the NCIP as laid down in the original OPIF (Figure 5).

This brings us to the enumeration in the earlier articulated vision ("recognized, respected, protected and promoted") referring to rights and well-being as the organizational mandate, which has been shortened to "recognize, protect and promote," with the word "respected" missing in the OPIF stated organizational outcome. The state as DB has to "recognize" the inherent rights of IPs/ICCs as the basic promise of the IPRA (see Calde's article in this issue). Whether recognition is a prerequisite or fulfillment for the respect for rights remains to be resolved. Requiring clarification or rectification are specific expectations that relate to rights—respect, protect and fulfill—that the State as DB has to honor the RH with. There are likewise terms that relate to welfare (e.g., 'promoted'), although the broader term 'well-being' should have been preserved in the OPIF.

Although rights are to be respected, protected and fulfilled as in the four bundle of rights, the OPIF and the ZBB definitely ascribe relative prioritization of these rights in terms of their corresponding P/A/Ps. Relative prioritization and schemes already point to uneven allocation of budget and other resources (e.g., educational assistance program), bias towards primacy or immediacy of results (e.g., livelihood trainings provided), or convergence toward a development agenda (e.g., CADTs and CALTs as asset reform measures). Instead, the interrelationship of the four rights needs to be revisited. For one, ancestral domain titling is the non-negotiable foundation for the ICCs to be able to exercise the right to control and develop their natural resources, pursue a self-determined development, and protect their human rights. It also serves as the material basis for cultural integrity. Through similar exercises, the 'complementation' and 'relatedness' of the rights can be explored further and determined, which may give better outcomes of empowered IPs and ICCs, rather than measuring the 'respect, protection, and fulfillment' aspects of these rights individually. Any gap may point to a need to develop new programs or projects that address those rights, often as a result of contingency. For example, after the awarding of CADTs, a program to develop IP skills and instill knowledge for negotiation with investors is warranted. Training for wealth management expertise when the royalties are received may follow, and the cycle of interventions continues.

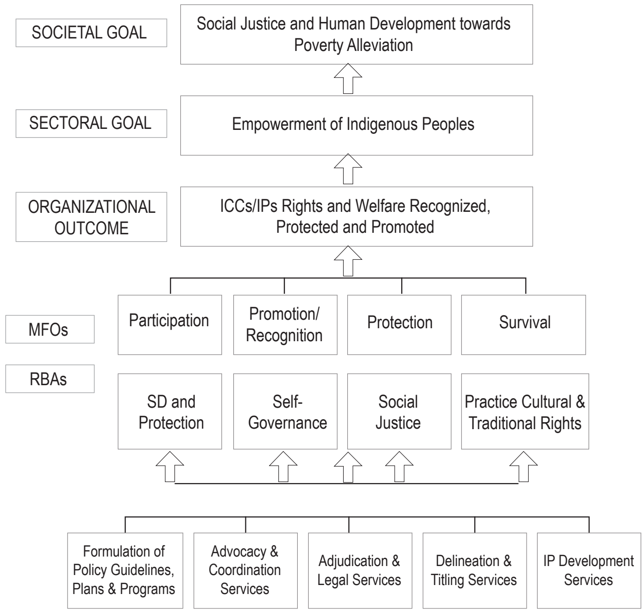


Figure 6. NCIP logical framework with RBA. **Source:** NCIP Mechanism: Output Indicator System Lecture-Workshop, undated manuscript, Pansol, Calamba, Laguna.

Following the rights-based approach, there is the need to change the language used and more importantly, mindset, in state-indigenous community relations. The NCIP still refers to IPs who are given CADT/CALT as 'beneficiaries' similar to farmer-beneficiaries in the agrarian reform program. Such label is also no different from the accounting term used for direct services and subsidies to IPs/ICCs which is 'donations'. The terms 'beneficiaries' and 'donations' connote charities. This 'charity approach' as contrasted with 'needs' and 'rights-based' approaches (Boesen and Martin 2007) sees individuals as victims who deserve assistance, focusing on inputs and not on outcomes. At times, the IPs are also referred to as the 'clients' of the NCIP instead of 'citizens'. On one hand, the terms 'client', 'clientele' and 'customer' refer to individuals in market transactions, governed by market contracts. On the other hand, the term 'citizens' suggests rights, and state-citizens relations are governed by social contract (Denhardt 2011) with the budget as a form of agreement between Congress and the citizens. The rights-based approach does not only demand a change in mindsets but the transformation of the NCIP as a rights-based organization. This requires addressing IP needs collectively, a departure from the sector-based orientation in government service given that the RBA is inherently integral in approach.

Linking the budget systems to broader state policy framework for IPs necessitates a review of state-sanctioned planning documents as well. The proposed IP Master Plan (IPMAP) 2012-2016 subscribes to a development framework that exemplifies the four bundles of rights at its core, where policies, programs and activities focus on the attainment of these rights as shown in Figure 7. It also serves as a link to President Aquino III's *Social Contract with the Filipino People* and 16-point Transformational Leadership discussed in the Philippine Development Plan 2011-2016. It interfaces with the regional development plans, local development plans, as well as sectoral plans such as agriculture and food security, natural resource management, climate change adaptation and mitigation, education, health, livelihood, and other national plans. It also intersects with the Millennium Development Goals (MDGs).

The development framework in the IPMAP can be criticized on two fronts. First, the points of convergence between the IPMAP development programs, projects and services and the President's *Social Contract* need not be overemphasized. To specifically state that 9 out of the 16 points converge with the IPMAP is somewhat contrived. As the IPMAP shows, all the development programs and activities laid down are consistent with the President's *Social Contract*. Second, the IPMAP should contain elements which are unique which, more often than not, can be inconsistent with mainstream development plans.

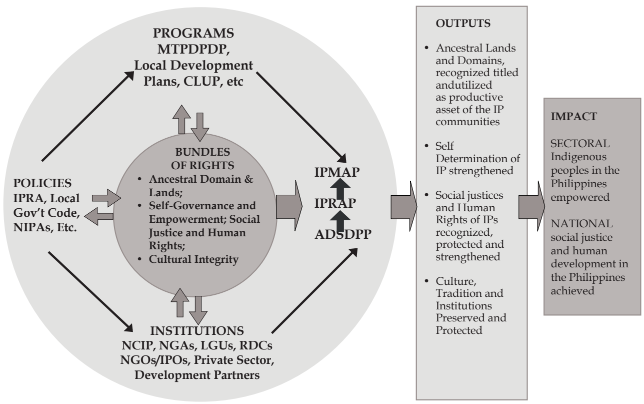
These unique features or differences are somehow lost or muted when the IPMAP is harmonized with other plans. The context of IPs is not the same as the rest of the Philippines. There is the need to highlight the divergence, the uniqueness of the IPMAP, which adopts the RBA approach. The overarching goal of 'inclusive growth' in the PDP 2011-2016, echoes of assimilation and mainstreaming, to wit:

> Inclusive growth is, first of all, growth that is rapid enough to matter, given the country's large population, geographical differences, and social complexity. It is sustained growth that creates jobs, **draws the majority into social and economic mainstream**, and continuously reduces poverty.... (Philippine Development Plan 2011-2016, p. 18; emphasis mine)

It is important to recognize the unique situation of IPs, and prescribe strategies and targets that address IP needs and problems. The possibility of parallel but separate development modes, between the mainstream majority and the indigenous minority, should be entertained, if not encouraged. The PDP 2011-2016 still focuses on CADT and CALT as a means of asset reform, not different from the MTPDP 2004-2010 which misses the difference between the ancestral domains/ancestral lands and agrarian reform lands. IPs protect and develop their domains on their own; farmers in identified lands for agrarian reform do not own the land they till. Whereas the IPs are stewards of their domain, the rural farmers are tenants. Hence, IP lands are 'recognized' with the issuance of titles for productive and protection endeavors. However, once titled, these lands may be alienated, consigned, or exploited with or without regard to inter- and intra-generational sustainable development concepts. Domain or land title implies ownership of an asset which in turn is but a market instrument. Thus, asset reform can be a two-edged sword for IPs and ICCs (see Rovillos' article in this issue).

Commenting on what works and what does not in ancestral domain and indigenous lands, Cornell and Kalt (2005) state that, with the 'standard approach,' development agendas in American Indian reservations are often set by non-Indians through program and funding decisions. In approaching development this way, tribes leave the strategic component of development to congress or federal funding agencies. This is a far cry from McKinney's (1995) program budget and budget for social progress and change in the budget accountability continuum that form the basis of self-determined economic development (see Figure 2). Applying these to the local setting, it is important for IPs to develop their own sense of community needs, possibilities, and preferences. The NCIP's annual appropriations for services exert enormous pressure on the distribution of resources on a

PROPOSED IPMAP DEVELOPMENT FRAMEWORK



IPMAP-IPMaster Plan; IPRAP-IP Regional Action Plan; ADSDPP-Ancestral Domain Sustainable Development and Protection Plan

Figure 7. Proposed IP Master Plan Development Framework. **Source:** Draft IP Master Plan as of May 2011.

short-term basis, often without the benefit of equity and sustainability as the NCIP regional budget allocation suggests. The IPs are far from being consulted with regard to the NCIP budget; they are outsiders in the power dynamics of the funding process.

As an alternative to the 'standard approach', Cornell and Kalt (2005) propose the 'nation-building approach' whose dual focus on asserting tribal sovereignty and building the foundational and institutional capacity to exercise sovereignty provides the environment for sustained economic development. They give two reasons for this. First, self-governance puts the development agenda in IP/ICC hands. Second, self-governance marries decisions with their consequences, leading to better decisions. Though premised on self-determined development, there is still a role for non-indigenous government under the 'nation-building approach.' The state can involve a programmatic focus on institutional capacity-building; shift from program funding to block grants and put decision-making about priorities in IP hands; develop program evaluation criteria that reflect needs and concerns; and shift from consultation to partnership. Hence, state-indigenous communities relations and governance mechanisms under the 'nation-building' approach need to be explored for the IPRA to work.

Conclusion

The adoption and use of annual appropriations, audited financial statements, and development approaches have three major consequences in state-indigenous communities' relations. First, the State basically sets the development agenda for IPs/ICCs through the budget process that partitions annual appropriations according to overhead, coordination, services, and projects that follow the incremental or marginal budget approach. The budget thus assumes a legal and fiscal mandate that is not insulated from politics. The heavy fiscal dependence of NCIP on the State, notwithstanding ODA funds, exhibits this consequence. Another outcome is the huge personnel burden of NCIP, perpetuated through annual appropriations that ensure the funding of plantilla positions, with not much regard for performance and results.

Second, the transition in budgeting from the incremental to the performance-based and then to the zero-based approach illustrates how the NCIP as an instrumentality of the State negotiates its role and rights-based mandate. There are areas of compatibility as well as divergence between OPIF and ZBB on one hand, and the RBA on the other. The zero-based budgeting approach may not be completely compatible with 'rights violation or erosion prevention' or 'rights preservation' programs dominant in the rights-based approach. Rights with fiscal mandates attached to them automatically justify programs based on these rights as natural. The rights-based approach also suggests partnerships, which necessitates the development of the capacity and readiness of project partners. Partnerships between the NCIP and CSOs demand that the rules governing the engagement be based on optimal benefits for the IPs/ICC, with each party adding value, and not just serving as conduit or implementing arm of the agreed development program.

Third, inclusive growth as the State's overarching goal reechoes mainstreaming and assimilation thrusts through asset reform, undermining self-determined development among IPs/ICCs. The harmonization and interface of the proposed IP Master Plan with the Philippine Development Plan 2011-2016 does not always augur well for advancing IP and ICC rights and well-being. There is a strong tendency for the distinctiveness and unique features of IP development plans, whether it is the broad IP Master Plan or specific ADSDPPs, to be muted or supplanted by dominant, harmonizing elements of mainstream or State-sanctioned plans. Inclusion in the development process among IPs/ICCs should also mean reversing and correcting the pronounced disparity and inequity in terms of budget allocation and services among the ethnographic regions. There is discrimination even among IPs/ICCs, with population-dominant tribes being more vocal and successful in demanding their rights and ensuring CADT/CALT approval for example. There are around 38 tribes out of the 110 groups with less than 50,000 population each. The true measure of inclusive growth is for these vanishing tribes to thrive and survive through the State's fulfillment of their bundled rights in partnership with them through their identified needs, possibilities, and priorities.

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APPENDIX

Table 1. NCIP programs budget at current prices, 2006-2011. **Source:** General Appropriations Act, 2005 to 2011.

	2006	2007	2008	2009	2010	2011
I. General Admin & Support	37,089,000	40,504,000	46,254,000	46,801,000	48,512,000	55,738,000
II. Support to Operations	9,177,000	10,406,000	9,764,000	10,833,000	11,715,000	20,212,000
1. Economic livelihood	3,204,000	3,255,000	2,740,000	3,118,000	3,792,000	10,525,000
2. Culture, traditions, & insts	2,877,000	2,914,000	2,744,000	3,106,000	3,225,000	4,383,000
3. Coordination with IPs/ICCs	3,096,000	4,237,000	4,280,000	4,609,000	4,698,000	5,304,000
III. Operations	359,172,000	429,467,000	463,296,000	547,136,000	560,847,000	572,808,000
1. Socio-econ & cultural dev't	275,645,000	312,918,000	313,228,000	346,012,000	362,638,000	406,617,000
2. Scholarship of IP members	52,621,000	84,621,000	116,621,000	166,621,000	143,621,000	116,621,000
3. Mgt/dev't of ancestral lands	30,906,000	31,928,000	33,447,000	34,503,000	54,588,000	49,570,000
Total	405,438,000	480,377,000	519,314,000	604,770,000	621,074,000	648,758,000

Table 2. NCIP programs budget at constant prices, 2006-2011.

	2006	2007	2008	2009	2010	2011
CPI (Year 2000=100)	137.90	141.77	155.00	160.00	166	174*
I. General Admin & Support	26,895,577	28,570,219	29,841,290	29,250,625	29,206,502	31,958,946
II. Support to Operations	6,654,822	7,340,058	6,299,355	6,770,625	7,052,980	11,589,117
1. Economic livelihood	2,323,423	2,295,972	1,76 7,742	1,948,750	2,282,962	6,034,804
2. Culture, traditions, & insts	2,086,294	2,055,442	1,770,323	1,941,250	1,941,601	2,513,116
3. Coordination with IPs/ICCs	2,245,105	2,988,644	2,761,290	2,880,625	2,828,417	3,041,197
III. Operations	260,458,303	302,932,214	298,900,645	341,960,000	337,656,231	328,435,538
1. Socio-econ & cultural dev't	199,887,600	220,722,297	202,082,581	216,257,500	218,325,105	233,145,265
2. Scholarship of IP members	38,158,811	59,688,933	75,239,355	104,138,125	86,466,586	66,867,922
3. Mgt/dev't of ancestral lands	22,411,893	22,520,985	21,578,710	21,564,375	32,864,539	28,422,350
Total	294,008,702	338,842,491	335,041,290	377,981,250	373,915,713	371,983,601

*Based on the BSP's inflation target of 4% ± 1% for 2011; Figures based on the General Appropriations Act, 2005 to 2011.

Table 3. Percentage share of cost categories over total NCIP programs budget, 2006-2011.

	2006	2007	2008	2009	2010	2011	Average
I. General Administration and Support	9.15	8.43	8.91	7.74	7.81	8.59	8.44
II. Support to Operations	2.26	2.17	1.88	1.79	1.89	3.12	2.18
1. Dev't and promotion of economic livelihood programs and projects	0.79	0.68	0.53	0.52	0.61	1.62	0.79
2. Promotion and development of culture, traditions, and institutions	0.71	0.61	0.53	0.51	0.52	0.68	0.59
3.Coordination with different tribal institutions	0.76	0.88	0.82	0.76	0.76	0.82	0.80
III. Operations	88.59	89.40	89.21	90.47	90.30	88.29	89.38
1. Implementation of socio-economic and cultural development projects	67.99	65.14	60.32	57.21	58.39	62.68	61.95
2.For scholarship of members of the cultural communities	12.98	17.62	22.46	27.55	23.12	17.98	20.28
3. Management/development of ancestral lands in support of the SRA	7.62	6.65	6.44	5.71	8.79	7.64	7.14

Figures based on the General Appropriations Act, 2005 to 2011.

Table 4. NCIP programs budget growth rates, 2006-2011.

	2006-07	2007-08	2008-09	2009-10	2010-11	Average
I. General Admin & Support	6.23	4.45	(1.98)	(0.15)	9.42	3.59
II. Support to Operations	10.30	(14.18)	7.48	4.17	64.32	14.42
1. Economic livelihood	(1.18)	(23.01)	10.24t	17.15	164.34	33.51
2. Culture, traditions, & insts	(1.48)	(13.87)	9.66	0.02	29.44	4.75
3. Coordination with IPs/ICCs	33.12	(7.61)	4.32	(1.81)	7.52	7.11
III. Operations	16.31	(1.33)	14.41	(1.26)	(2.73)	5.08
1. Socio-econ & cultural dev't	10.42	(8.44)	7.01	0.96	6.79	3.35
2. Scholarship of IP members	56.42	26.05	38.41	(16.97)	(22.67)	16.25
3. Mgt/dev't of ancestral lands	0.49	(4.18)	(0.07)	52.40	(13.52)	7.02
Total	15.25	(1.12)	12.82	(1.08)	(0.52)	5.07

Figures based on the General Appropriations Act, 2005 to 2011.

Table 5. NCIP locally-funded projects, 2008-2011. **Source:** General Appropriations Act, 2005-2011.

Locally-Funded Projects	**Year**	**MOOE**	**CO**	**Total**
a. Assistance for the continuation of the literacy and livelihood activities	2008	6,500,000		6,500,000
b. Acquisition of Information Technology and Office Equipment	2008		5,745,000	5,745,000
	2009		5,745,000	5,745,000
	2010		5,800,000	5,800,000
	2011		6,380,000	6,380,000
c. Construction of NCIPBuilding in Region 5	2008		20,000,000	20,000,000
d. Construction of CentralOfficeBuilding	2009		40,000,000	40,000,000
e. Operational Support Fund for the Implementation of Socio-Economic, Cultural Human Rights and Empowerment Programs and Projects of NCIP-Region 5		10,000,000		10,000,000
f. Construction of Regional Office in Carig, TuguegaraoCity	2009		5,000,000	5,000,000
g. Conservation and Preservation of Ethnic Culture	2009	45,000,000	5,000,000	50,000,000

Table 6. NCIP PS and MOOE mix, 2006-2011.

	2006		2007		2008		2009		2010		2011		Average	
	PS	MOOE	PS	MOOE	PS	MOOE	PS	MOOE	PS	MOOE	PS	MOOE	PS	MOOE
I. General Admin & Support	0.49	0.51	0.51	0.49	0.55	0.45	0.49	0.51	0.48	0.52	0.48	0.52	0.50	0.50
II. Support to Operations	0.78	0.22	0.75	0.25	0.74	0.26	0.75	0.25	0.77	0.23	0.51	0.49	0.72	0.28
1. Econ. Livelihood	0.79	0.21	0.85	0.15	0.82	0.18	0.83	0.17	0.86	0.14	0.35	0.65	0.75	0.25
2. Culture, traditions, & insts.	0.77	0.23	0.83	0.17	0.82	0.18	0.83	0.17	0.84	0.16	0.71	0.29	0.80	0.20
3. Coordination with IPs/ICCs	0.79	0.21	0.63	0.37	0.63	0.37	0.64	0.36	0.65	0.35	0.65	0.35	0.67	0.33
III. Operations	0.67	0.33	0.65	0.35	0.59	0.41	0.56	0.44	0.57	0.43	0.63	0.37	0.61	0.39
1. Socio-econ & cultural dev't proj	0.86	0.14	0.88	0.12	0.87	0.13	0.88	0.12	0.87	0.13	0.88	0.12	0.87	0.13
2. Scholarship of IP members		1.00		1.00		1.00		1.00		1.00		1.00		1.00
3. Mgt/dev't of ancestral lands	0.08	0.92	0.08	0.92	0.08	0.92	0.09	0.91	0.06	0.94	0.07	0.93	0.08	0.92
Total	0.66	0.34	0.64	0.36	0.59	0.41	0.56	0.44	0.57	0.43	0.62	0.38	0.60	0.40

Figures based on the General Appropriations Act, 2005 to 2011.

Table 7. NCIP sources and application of funds, 2006 to 2010. **Source:** GAA for 2005 to 2011; NCIP CAAR 2006 to 2009; Proposed NEP 2012.

	2006	2007	2008	2009	2010
Programs Appropriations	405,438,000	480,377,000	519,314,000	604,770,000	621,074,000
Projects Appropriations	0	0	42,245,000	100,745,000	5,800,000
Total Appropriations	405,438,000	480,377,000	561,559,000	705,515,000	626,874,000
Allotment	533,179,817	530,870,499	578,082,021	681,993,804	719,876,000
Obligations Incurred	525,764,078	493,847,506	553,056,864	677,438,339	711,728,000
Balance	7,415,739	37,022,993	25,025,157	4,555,465	8,148,000

Table 8. Performance measures and targets (amounts in PhP thousands). **Source:** NCIP OPIF.

Particulars	2008 Actual	2009 Actual	*% Inc/ Dec 2008-09*	2009 Target	2010 Revised Target	*% Inc/Dec 2009-10*	2011 Target	*% Inc/Dec 2010-11*
MFO 1 Formulation of Policy Guidelines, Plans & Programs	*48,946*	*56,604*	*15.6%*	*73,029*	*60,154*	*-17.6%*	*76,334*	*26.9%*
Field offices (regional & provincial) ICT established	12 ROs							
CO ICT improved	1 PO			14 POs				
Case documentation preparation conducted (no.)	3			18				
Project Impact Assessment conducted (areas)					3		3	-
IP Master Plan formulated (no.)					1			
IP Master Plan copies disseminated (no.)							300	
FPIC MOA implemented & monitored (areas)							20	
ADSDPP formulated (no.)		2			5		4	*-20.0%*
Trainings on ADSDPP Formulation conducted (no.)		5						
Participants trained on ADSDPP Formulation (no.)							150	
Training on IC-CIAC documentation conducted (no.)	1			36				
IC-CIAC Cases documented (no.)	3	18	*500%*	18	20	*11.1%*	10	*-50.0%*
IKSP documentation conducted (no.)	1							
IKSP Research Framework & Manual developed (no.)							1	
IHKP documentation training conducted (no.)	1			9				

MFO 2 *Advocacy and Coordination Services*	*3,816*	*6,194*	*62.3%*	*5,369*	*6,183*	*15.2%*	*7,428*	*20.1%*
Cultural Advocacy activities conducted (no.)	17	15	*-11.8%*	3	7	*133%*	12	*71.4%*
Partnership and Collaboration								
Core group RTDs and multi-stakeholders workshop conducted (no.)	1	3	*200%*	2	1	*-50.0%*	1	-
IPs benefited through issuance of COCs (no.)	1,157	2,750	*138%*	2,500	3,000	*20.0%*	3,000	-
ADSDPPs integrated in LDPs (no.)	18			3	2	*-33.3%*	10	*400%*
MFO 3 *Adjudication and Legal Services*	*1,106*	*1,113*	*0.6%*	*2,500*	*3,025*	*21.0%*	*3,033*	*0.3%*
Legal Services								
Region-wide IP Paralegal Training conducted (no.)					1		1	-
ICCs/IPs advised/assisted (non-litigious) (no.)	200			200				
Cases accepted, filed, & defended (no.)	409	195	*-52.3%*	120	102	*-15.0%*	18	*-82.3%*
Investigations conducted (no.)	44	156	*254%*	90	5	*-94.4%*	8	*60.0%*
Quasi-Judicial Services								
Cases facilitated (no.)	8	6	*-25.0%*	3	8	*167%*	5	*-37.5%*
Decisions rendered (no.)		40		50	100	*100%*	120	*20.0%*
National Law & Customary Law interface								
Consultative workshop on documentation on Customary Law conducted (no.)		5						
Training module developed (no.)							1	
Documentation training conducted (no.)							2	

MFO 4 *Delineation and Titling Services*	*24,611*	*24,635*	*0.1%*	*35,669*	*47,844*	*34.1%*	*28,320*	*-40.8%*
Delineation of Ancestral Domains/Ancestral Lands								
IP self-delineated ADs facilitated (no.)	44	27	*-38.6%*	28	25	*-10.7%*	25	-
IP self-delineated ALs facilitated (no.)	10	19	*90.0%*		15		15	-
Delineation activities monitored (no.)					20		25	*25.0%*
Survey of ADs and ALs								
AD areas surveyed (no.)	13	25	*92.3%*	26	20	*-23.1%*	20	-
AL areas surveyed (no.)		12			15		15	-
Approval of AD & AL Survey Plans								
ADs survey plans deliberated/approved (no.)	52	45		28	13		15	*15.4%*
ALs survey plans deliberated/approved (no.)		51			15		15	-
Issuance of CADTs & CALTs								
CADTs issued (no.)	38	45	*18.4%*	12	12	-	15	*25.0%*
CALTs issued (no.)	18	51	*183%*		20		15	*-25.0%*
MFO 5 *IP Development Services*	*474,578*	*588,917*	*24.1%*	*618,873*	*540,469*	*-12.7%*	*576,012*	*6.6%*
Social and Cultural Services								
IP Students assisted (no.)	14,142			18,000				
IP beneficiaries served/assisted (no.)	2,848			3,000				
Health projects implemented (no.)		22			20		20	-
IP Schools assisted (no.)		15			15		15	-
Livelihood projects implemented (no.)		12			12		12	-
Basic services extended to IPs (no.)	38	12	*-68.4%*	12	12	-	12	-
Traditional Projects implemented (no.)		12			12		12	-

IPs/ICCs assisted on Food Security (no.)					6		6	-
IPs in Crisis Situation assisted (no.)		25			25		20	*-20.0%*
Leadership Capability & Skills Training Services								
IP representatives appointed in local legislative councils and other policy making bodies (no.)	6			6				
IP skills in economic development training conducted (no.)							3	
Disaster management training conducted (no.)							3	
Certification Precondition (CP)& Certificate of Compliance (CC) re FBI								
CPs issued (no.)		75			5		20	*300%*
CCs issued (no.)	30			20				
Cert. of Non-Overlap (CNO) issued (no.)	150	257	*71.3%*	25	31	*24.0%*	21	*-32.2%*
Assistance of ADSDPP implementation								
ADSDPP formulation and implementation monitored (no.)	5	3	*-40.0%*		10		5	*-50.0%*
ADSDPP Management Training conducted (no.)	3	2	*-33.3%*		2		4	*100%*
TOTAL	*553,057*	*677,463*	*22.5%*	*735,440*	*657,675*	*-10.6%*	*691,127*	*5.1%*

FPIC – Free and Prior Informed Consent
ADSDPP – Ancestral Domain Sustainable Development and Protection Plan
ICT – Information and Communication Technology
IPCIAC – Indigenous Peoples Children Involved in Armed Conflict
IKSP – Indigenous Knowledge Systems and Practices
IHKP – Indigenous Health Knowledge and Practices
RTD – Round Table Discussion
COC – Certificate of Confirmation of tribal membership
LDP – Local Development Plan

Table 9. MFO budget by MFO and by expense class (in PhP thousands). **Source:** NCIP OPIF 2010-2011.

Particulars	**PS**	**MOOE**	**CO**	**Total**	**% Share**		**PS**	**MOOE**	**CO**	**Total**	**% Share**
MFO 1 Formulation of Policy Guidelines, Plans and Programs	44,509	28,834	5,800	79,143	12.96%		29,225	40,729	6,380	76,334	11.04%
2010-2011 % increase/decrease							*-34.34%*	*41.25%*	*10%*	*-3.55%*	*-14.81%*
MFO 2 Advocacy and Coordination Services	64,772	1,109		65,831	10.78%		3,778	3,650		7,428	1.07%
2010-2011 % increase/decrease							*-94.17%*	*229.13%*		*-88.72%*	*-90.07%*
MFO 3 Adjudication and Legal Services	57,239	1,996		59,235	9.70%			3,033		3,033	0.44%
2010-2011 % increase/decrease								*51.95%*		*-94.88%*	*-95.46%*
MFO 4 Delineation and Titling Services	86,176	26,616		112,792	18.47%		3,768	24,552		28,320	4.10%
2010-2011 % increase/decrease							*-95.63%*	*-7.75%*		*-74.89%*	*-77.80%*
MFO 5 IP Development Services	130,429	163,245		293,674	48.09%		398,946	177,066		576,012	83.34%
2010-2011 % increase/decrease							*205.87%*	*8.47%*		*96.14%*	*73.30%*
TOTAL	383,075	221,800	5,800	610,675	100%		435,717	249,030	6,380	691,127	100%
2010-2011 % increase/decrease							*13.74%*	*12.28%*	*10%*	*13.17%*	
% Share	63%	26%	1%	100%			63%	36%	1%	100%	

Table 10. NCIP Income Statement at Current Prices, 2002-2009. **Source:** NCIP CAAR 2002-2009.

	2002	2003	2004	2005	2006	2007	2008	2009
Net Subsidy Income	**477,768,730**	**438,185,204**	**518,301,391**	**477,717,000**	**542,300,000**	**510,081,000**	**554,776,982**	**683,652,100**
Other Subsidy Income	**391,254,177**	**367,712,036**	**443,513,753**	**-**	**927,000**	**100,000**	**-**	**-**
Grants and Donations	170,227	144,970	588,640	157,000	141,000	1,981,000	124,633	2,205,233
Other Service Income	314,305	289,621	391,914	358,000	3,203,000	-	-	-
Other Income	2,780	1,047,529	382,620	204,000	756,000	355,000	427,633	57,501
Total Income	869,510,219	807,379,360	963,178,318	478,436,000	547,327,000	512,517,000	555,329,249	685,914,833
Expenses								
Personal Services	314,728,468	321,283,060	307,205,777	322,094,000	347,339,000	354,999,000	391,532,116	424,321,901
MOOE	439,264,009	480,513,717	600,784,804	138,028,000	161,519,000	145,442,000	229,388,975	217,814,214
Financial Expenses	46,098	60,623	55,100	71,000	40,000	22,000	44,633	116,935
Total Expenses	754,038,575	801,857,400	908,045,681	460,193,000	508,898,000	500,463,000	620,965,724	642,253,050
Excess of Income over Expenses	115,471,645	5,521,960	55,132,636	18,243,000	38,429,000	12,054,000	(65,636,475)	43,661,783

Table 11. NCIP common size income statement, 2002-2009.

	2002	2003	2004	2005	2006	2007	2008	2009	Average
Net Subsidy Income	54.95	54.27	53.81	99.85	99.08	99.52	99.90	99.67	82.63
Other Subsidy Income	45.00	45.54	46.05	-	0.17	0.02	-	-	17.10
Grants and Donations	0.02	0.02	0.06	0.03	0.03	0.39	0.02	0.32	0.11
Other Service Income	0.04	0.04	0.04	0.07	0.59	-	-	-	0.10
Other Income	0.00	0.13	0.04	0.04	0.14	0.07	0.08	0.01	0.06
Total Income	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
Expenses									
Personal Services	36.20	39.79	31.90	67.32	63.46	69.27	70.50	61.86	55.04
MOOE	50.52	59.52	62.38	28.85	29.51	28.38	41.31	31.76	41.53
Financial Expenses	0.01	0.01	0.01	0.01	0.01	0.00	0.01	0.02	0.01
Total Expenses	86.72	99.32	94.28	96.19	92.98	97.65	111.82	93.63	96.57
Excess of Income over Expenses	13.28	0.68	5.72	3.81	7.02	2.35	(11.82)	6.37	3.43

Based on NCIP CAAR 2002-2009.

Table 12. Real growth rates of select income statement accounts, 2002-2009.

	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	Average
Net Subsidy Income	(11.73)	8.92	(13.62)	8.84	(9.47)	0.71	18.03	0.24
Grants and Donations	(18.03)	273.89	(75.00)	(13.89)	1,252.23	(94.17)	1,594.76	417.11
Total Income	(10.63)	9.85	(53.45)	9.68	(9.87)	0.33	18.31	(5.11)
Personal Services	(1.75)	(11.95)	(1.74)	3.39	(1.63)	2.13	3.80	(1.11)
MOOE	5.28	15.13	(78.47)	12.19	(13.33)	46.04	(9.05)	(3.17)
Financial Expenses	26.57	(16.31)	20.77	(45.98)	(47.06)	87.86	150.94	25.25
Total Expenses	2.35	4.28	(52.50)	6.02	(5.35)	14.89	(0.93)	(4.46)
Excess of Income over Expenses	(95.40)	819.36	(68.99)	101.96	(69.81)	(604.21)	(163.72)	(11.54)

Based on NCIP CAAR 2002-2009 with original figures transformed in real terms through the CPI.

Table 13. NCIP comparative balance sheet, for the years ended December 31, 2002 to 2009 (in current prices, PhP). **Source:** NCIP CAAR 2002-2009.

	2002	2003	2004	2005	2006	2007	2008	2009
ASSETS								
Current Assets	138,292,943	103,104,938	165,275,618	173,869,000	240,360,000	212,432,000	125,704,306	172,419,117
Cash	78,018,054	40,709,749	98,333,553	93,265,000	149,191,000	118,211,000	41,506,911	73,546,639
Receivables	50,592,328	55,063,746	58,646,545	72,330,000	83,328,000	89,018,000	78,977,442	73,652,678
Inventories	9,147,133	6,723,143	7,622,164	7,184,000	6,845,000	4,343,000	3,947,477	4,294,079
Prepayments	488,809	561,681	626,737	1,043,000	949,000	813,000	1,225,857	20,879,101
Other Current Assets	46,619	46,619	46,619	47,000	47,000	47,000	46,619	46,619
Property, Plant and Equipment	36,349,028	41,407,675	57,081,669	52,869,000	53,789,000	49,212,000	48,113,461	44,296,144
Other Assets	842,788	486,750	663,111	663,000	1,102,000	2,018,000	2,606,648	8,882,148
Total Assets	175,484,759	144,999,363	223,020,397	227,401,000	295,251,000	263,662,000	176,424,415	225,597,409
LIABILITIES AND EQUITY								
Current Liabilities	89,467,185	57,053,093	73,622,469	86,803,000	114,797,000	71,957,000	76,899,536	93,331,534
Deferred Credits	2,726,158	391,864	2,634,344	532,000	631,000	5,000	5,670	5,670
Other Liabilities	37,907	-	-	-	-	-	-	-
Total Liabilities	92,231,250	57,444,957	76,256,814	87,335,000	115,428,000	71,962,000	76,905,206	93,337,204
Equity	83,253,509	87,554,406	146,763,583	140,066,000	179,823,000	191,700,000	99,519,209	132,260,205
Total Liabilities and Equity	175,484,759	144,999,363	223,020,397	227,401,000	295,251,000	263,662,000	176,424,415	225,597,409

Table 14. NCIP common size balance sheet, for the year ended December 31, 2002-2009.

	2002	2003	2004	2005	2006	2007	2008	2009	Average
ASSETS									
Current Assets	78.81	71.11	74.11	76.46	81.41	80.57	71.25	76.43	76.27
Cash	44.46	28.08	44.09	41.01	50.53	44.83	23.53	32.60	38.64
Receivables	28.83	37.98	26.30	31.81	28.22	33.76	44.77	32.65	33.04
Inventories	5.21	4.64	3.42	3.16	2.32	1.65	2.24	1.90	3.07
Prepayments	0.28	0.39	0.28	0.46	0.32	0.31	0.69	9.26	1.50
Other Current Assets	0.03	0.03	0.02	0.02	0.02	0.02	0.03	0.02	0.02
Property, Plant and Equipment	20.71	28.56	25.59	23.25	18.22	18.66	27.27	19.64	22.74
Other Assets	0.48	0.34	0.30	0.29	0.37	0.77	1.48	3.94	0.99
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
LIABILITIES AND EQUITY									
Current Liabilities	50.98	39.35	33.01	38.17	38.88	27.29	43.59	41.37	39.08
Deferred Credits	1.55	0.27	1.18	0.23	0.21	0.00	0.00	0.00	0.43
Other Liabilities	0.02								
Total Liabilities	52.56	39.62	34.19	38.41	39.09	27.29	43.59	41.37	39.52
Equity	47.44	60.38	65.81	61.59	60.91	72.71	56.41	58.63	60.48
Total Liabilities and Equity	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	

Based on NCIP CAAR 2002-2009.

Table 15. Real growth rates of balance sheet accounts.

	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	Average
ASSETS								
Current Assets	(28.24)	47.60	(1.41)	32.54	(14.94)	(45.21)	31.38	3.10
Cash	(49.78)	122.42	(11.11)	53.37	(23.74)	(67.49)	69.72	13.34
Receivables	4.75	(1.93)	15.59	10.46	2.82	(17.85)	(10.68)	0.45
Inventories	(29.26)	4.39	(11.67)	(8.65)	(38.93)	(15.84)	4.19	(13.68)
Prepayments	10.60	2.75	55.97	(12.76)	(17.55)	39.62	1,531.40	230.00
Other Current Assets	(3.75)	(7.92)	(5.51)	4.12)	(3.75)	(8.15)	(4.22)	(5.35)
Property, Plant and Equipment	9.64	26.94	(13.20)	(2.45)	(11.94)	(9.47)	(11.82)	(1.76)
Other Assets	(44.41)	25.44	(6.29)	59.36	76.25	19.61	226.38	50.90
Total Assets	(20.47)	41.63	(4.44)	24.48	(14.05)	(38.04)	22.48	1.66
LIABILITIES AND EQUITY								
Current Liabilities	(38.62)	18.82	10.50	26.80	(39.67)	(1.04)	16.25	(1.00)
Deferred Credits	(86.17)	519.02	(81.07)	13.72	(99.24)	5.00	(4.22)	38.15
Other Liabilities	(100.00)							
Total Liabilities	(40.05)	22.24	7.34	26.72	(40.00)	(1.04)	16.25	(1.22)
Equity	1.22	54.35	(10.56)	23.09	2.60	(51.93)	27.29	6.58
Total Liabilities and Equity	(20.47)	41.63	(4.44)	24.48	(14.05)	(38.04)	22.48	1.66

Based on NCIP CAAR 2002-2009 with original figures transformed in real terms through the CPI.

Table 16. Selected year-on-year differences in total assets.

		2002 and 2003
		(PhP 35,927,595)
	2003 and 2004	2004 and 2005
	PhP 58,094,550	(PhP 8,771,588)
2005 and 2006	2006 and 2007	2007 and 2008
PhP 46,244,631	(PhP 33,036,529)	(PhP 76,875,546)

Table 17. Changes in the current liabilities account, 2003 to 2007.

Change in current liabilities between 2003 and 2004	10,336,133
Change in current liabilities between 2004 and 2005	6,851,022
Change in current liabilities between 2005 and 2006	19,320,324
Total of changes in current liabilities [2003 to 2006]	36,507,479
Change in current liabilities between 2006 and 2007	(36,266,555)

Table 18. Unliquidated cash advances and disallowances/charges of current and former NCIP employees and officials in Philippine peso. **Source:** NCIP CAAR 2002 to 2009.

	2002	2003	2004	2005	2006	2007	2008	2009
Unliquidated CA	11,348,101	12,941,390	8,427,382	7,544,000	3,874,000	16,529,000	40,675,506	36,651,590
Disallowances/Charges	17,421,636	16,914,933	17,344,190	16,445,000	9,789,000	11,128,000	4,357,437	9,584,444
Others-Unliquidated CA/Disallow.	1,731,331	873,271	1,461,258	5,462,000	11,377,000	10,385,000	14,230,406	12,733,495
Total Unliquidated CA/ Disallowances	30,501,068	30,729,595	27,232,831	29,451,000	25,040,000	38,042,000	59,263,349	58,969,529
Percent to Total Assets	17.38	21.19	12.21	12.95	8.48	14.43	33.59	26.14

Table 19. Due from NGAs, LGUs, NGOs and their ratio to total assets. **Source:** NCIP CAAR 2002 to 2009.

	2002	2003	2004	2005	2006	2007	2008	2009
Due from NGAs	1,924,102	1,001,298	1,021,298	1,025,000	1,225,000	4,594,000	1,275,498	1,281,416
Due from LGUs				518,000	229,000	229,000	579,000	579,000
Due from NGOs/POs	2,968,090	3,058,090	3,058,090	4,028,000	4,028,000	20,275,000	9,952,015	6,849,713
Total Due from NGAs/LGUs/NGOs	4,892,192	4,059,388	4,079,388	5,571,000	5,482,000	25,098,000	11,806,513	8,710,130
Percent to Total Assets	2.79	2.80	1.83	2.45	1.86	9.52	6.69	3.86

Table 20. Ratio of donations to net subsidy income.

	2002	2003	2004	2005	2006	2007	2008	2009
Donations	2,748,076	31,527,524	50,794,317	32,427,000	56,981,000	53,665,000	124,860,924	113,680,487
Net Subsidy Income	477,768,730	438,185,204	518,301,391	477,717,000	542,300,000	510,081,000	554,776,982	683,652,100
Ratio	0.58	7.20	9.80	6.79	10.51	10.52	22.51	16.63

Source: NCIP CAAR 2002 to 2009.

Table 21. Donations and donations per capita per region, 2008-2009. **Source:** NCIP CAAR 2008 and 2009, IP Population Estimate from NCIP.

NCIP	Donations		IP	Donations per Capita	
Office	2008	2009	Population	2008	2009
CO	4,371,384.00	5,116,500.00			
CAR	51,418,110.20	26,247,127.15	1,252,962	41.04	20.95
I	16,833,350.96	27,387,074.32	1,039,447	16.19	26.35
II	13,995,202.91	8,977,863.55	1,014,955	13.79	8.85
III	3,487,892.99	6,376,097.01	230,270	15.15	27.69
IV	3,854,760.26	69,513.00	714,527	5.39	0.10
V	3,090,551.17	11,923,121.41	185,448	16.67	64.29
VI/VII	3,697,472.02	2,024,172.78	175,109	21.12	11.56
IX	1,767,510.44	2,730,299.36	1,450,946	1.22	1.88
X	2,292,480.09	3,660,165.28	1,444,503	1.59	2.53
XI	6,658,034.42	6,897,037.39	1,882,622	3.54	3.66
XII	6,060,380.79	2,741,621.62	1,512,905	4.01	1.81
XIII	2,821,614.16	9,529,894.44	874,456	3.23	10.90
Total	120,348,744.41	113,680,487.31	11,778,150	10.22	9.65

Table 22. NCIP offices and allotment across region, 2009. **Source:** NCIP CAAR 2009; population based on NCIP estimates; number of offices based on NCIP data.

	No. of Prov'l Ofcs	No. of Comm. Ser.Ctrs	IP Pop'n 2005 NCIP Estimate	% of IP Pop per Region	2009 Allotment		Ratio of Offices per Pop	2009 Allotment per Capita
					PhP-M 681.99	Percent %		
CAR	7	20	1,252,962	10.64	92.27	13.53	46,406	73.64
I	3	7	1,039,447	8.83	56.88	8.34	103,945	54.72
II	4	11	1,014,955	8.62	48.01	7.04	67,664	47.30
III	5	9	230,270	1.96	40.17	5.89	16,448	174.44
IV	4	9	714,527	6.07	39.56	5.80	54,964	55.36
V	2	4	185,448	1.57	53.67	7.87	30,908	289.42
VI & VII	2	6	175,109	1.49	28.58	4.19	21,889	163.19
IX	4	10	1,450,946	12.32	40.99	6.01	103,639	28.25
X	3	7	1,444,503	12.26	38.94	5.71	144,450	26.96
XI	5	9	1,882,622	15.98	57.83	8.48	134,473	30.72
XII	3	8	1,512,905	12.85	34.99	5.13	137,537	23.13
XIII	4	8	874,456	7.42	35.19	5.16	72,871	40.24
Total/ROs	46	108	11,778,150	100.00	567.07	83.15	76,481	48.15
Central Off.					114.92	16.85		
Total					681.99	100.00		