



FY 2020 BUDGET PREPARATION GUIDELINES

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The Crown Legacy Hotel, Baguio City

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PAGBA 2019 2nd Quarterly Seminar
May 1-4, 2019
Crown legacy Hotel, Baguio City



***NATIONAL BUDGET MEMORANDUM
NO. 131 (FY 2020 Budget Call)
(Dated February 26, 2019)
Guidelines on the Formulation of
Budget Proposal for FY 2020***

Expenditure Management Framework

FY 2020 Agency budget proposals:

- Consistent with ***0+10-Point Socio Economic Agenda and Philippine Development Plan (PDP)***
- Priority programs and projects contained in the ***Updated 2017-2022 Public Investment Program (PIP)*** and ***Approved 2020-2022 Three-Year Rolling Infrastructure Program (TRIP)***
- Full support to the ***poorest, lagging and climate change and disaster risk vulnerable areas nor the social sector***

Expenditure Management Framework

The FY 2020 budget will reflect continued adoption of the:

- **Annual Cash-based Budgeting System (ACBB)**
- **Program Expenditure Classification (PREXC) Approach**
- **Unified Accounts Code Structure (UACS)**
- **Two-Tier Budgeting Approach (2TBA)**

Expenditure Management Framework

Continued adoption of administrative reforms:

- ✓ **Disaggregation of lump-sums within the agency specific budgets**
- ✓ **Results-based and credible Monitoring and Evaluation System**
- ✓ **Program Convergence Budgeting (PCB) Strategy**
- ✓ **Treasury Single Account (TSA)**

Budget Level under 2TBA

Tier 1

(Ongoing
Spending)

***Forward
Estimates***



Tier 2

(New
Spending and
Expansion of
P/A/Ps)

***For charging
against the
available
Fiscal Space***



**Total
Proposed
Budget
for FY 2020**

COMPOSITION: TIER 1

a) Budgetary amounts that are essential for the continued implementation of existing P/A/Ps, including:

- ✓ Existing approved LFPs or FAPs based on approved project profile
- ✓ All costs of approved filled positions and approved allowances and entitlements as of December 31, 2018

b) Formulated FEs for out-years FY 2021-2022



Tier 1: Personnel Services (PS)

1. *Agency-Specific Budget:*

- **Salaries** of all **filled positions** as of December 31, 2018 (*4th Tranche Level*);
- Standard **allowances, benefits and incentives of filled positions** reported in the GMIS as of December 31, 2018, e.g., Personnel Economic Relief Allowance (PERA), Uniform/Clothing Allowance, Mid-Year Bonus, Year-End Bonus, Cash Gift, Productivity Enhancement Incentive (PEI), Representation and Transportation Allowance (RATA);

Tier 1: PS

1. ***Agency-Specific Budget: (cont'd)***

- Other ***non-interface PS items*** such as Anniversary Bonus during milestone year, Magna Carta Benefits, Loyalty Pay of qualified filled positions reported in the GMIS as of December 31, 2018;
- ***Step Increment due to Length of Service***, consistent with CSC-DBM Joint Circular No. 2012-1; and
- ***Lump-sum for Casuals and Contractuals adjusted to 4th tranche***, subject to submission of Budget Preparation (BP) Form 204.

Tier 1: MOOE

Budget requirement for the following:

- Regular ***periodic*** and ***ongoing*** activities and programs;
- Ongoing information and communications technology (ICT) P/A/Ps ***previously covered by existing Information Systems Strategic Plan (ISSP) as endorsed by the Medium-Term Information and Communications Technology Harmonization Initiative (MITHI) Committee***; and
- Existing ISO 9001:2015 Quality Management System (QMS) certification efforts.

Tier 1: Capital Outlays (CO)

Budget requirement for the following:

- **Ongoing** capital projects that have been approved in previous years
- Approved projects covered by **Multi-Year Obligational Authority (MYOA)** issued in 2018 and prior years;



NATIONAL BUDGET MEMORANDUM

NO. 132

Dated April 12, 2019

Budget Priorities Framework for the

Preparation of the FY 2020 Agency

Proposals under Tier 2

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Table 1. Macroeconomic Assumptions, FYs 2019-2022

Parameter	Actual 2018	Projections ¹			
		2019	2020	2021	2022
Real GDP Growth (%)	6.2	6.0 – 7.0 ²	6.5 – 7.5	7.0 – 8.0	7.0 – 8.0
Inflation (%)	5.2	3.0 – 4.0	2.0 – 4.0	2.0 – 4.0	2.0 – 4.0
Dubai Crude Oil (US\$/bbl)	69.42	60 - 75	60 - 75	60 - 75	60 - 75
FOREX (P/US\$)	52.66	52 - 55	52 - 55	52 - 55	52 - 55
364-Day Tbill Rate (%)	5.1	5.5 – 6.5	5.0 - 6.0	5.0 - 6.0	5.0 – 6.0
LIBOR, 6 mos (%)	2.5	2.5 – 3.5	2.5 – 3.5	2.5 – 3.5	2.5 – 3.5

¹ Assumptions adopted by the Development Budget Coordination Committee on March 13, 2019.

² Assumes a one-quarter reenactment of the national budget.

Source: NEDA, BSP

Table 2. Fiscal Aggregates, FYs 2018-2022

Particulars	2018	2019	2020	2021	2022
	Actual	Projections ^{1/}			
Levels, in billion pesos					
Revenues	2,850.2	3,149.7	3,572.5	3,984.7	4,438.1
Disbursements	3,408.4	3,774.0	4,210.1	4,697.3	5,211.1
Fiscal Balance	(558.3)	(624.4)	(637.6)	(712.6)	(773.0)
Appropriations*	3,767.0	3,757.0	4,100.0	4,786.0	5,295.2
Percent of GDP					
Revenues	16.4	16.4	16.9	17.1	17.2
Disbursements	19.6	19.6	19.9	20.1	20.2
Fiscal Balance	(3.2)	(3.2)	(3.0)	(3.0)	(3.0)
Appropriations*	21.6	19.5	19.4	20.5	20.6
Growth Rate					
Revenues	15.2	10.5	13.4	11.5	11.4
Disbursements	20.7	10.7	11.6	11.6	10.9
Fiscal Balance **	(59.2)	(11.8)	(2.1)	(11.8)	(8.5)
Appropriations*	12.4	(0.3)	9.1	16.7	10.6
GDP, in billion pesos	17,426.2	19,226.2	21,173.9	23,364.3	25,734.1
Gross Financing Mix***, in %					
Foreign	34	25	25	25	25
Domestic	66	75	75	75	75
Debt-to-GDP Ratio***, in %	41.9	41.9	41.1	39.9	38.8

Notes:

* FY 2018 is obligation-based. FYs 2019 to 2022 are cash-based.

** A positive growth rate indicates an improvement in the fiscal balance, while a negative growth rate implies a deterioration in the fiscal balance.

*** Based on BTr estimates.

Sources: DBM, DOF, BTr and NEDA

1/ Consistent with the macroeconomic assumptions and fiscal targets approved during the 175th DBCC meeting on March 13, 2019.

Table 3. Derivation of FY 2020 Cash-Based Budget, in billion pesos

Particulars	2019 ^{1/}	2020 ^{2/}	Increase/ (Decrease)	
			Amount	Percent
Total Disbursement Program	3,774.0	4,210.1	436.1	11.6%
<i>% of GDP</i>	<i>19.6%</i>	<i>19.9%</i>		
Less: Prior Years' Obligations	476.7	343.4	(133.3)	-28.0%
<i>% of Total Disbursement Program</i>	<i>12.6%</i>	<i>8.2%</i>		
Current Year Disbursements	3,297.3	3,866.7	569.4	17.3%
<i>% of GDP</i>	<i>17.2%</i>	<i>18.3%</i>		
Add: Obligations to be paid in the succeeding year	459.7	233.3	(226.4)	-49.3%
Cash-Based Budget	3,757.0	4,100.0	343.0	9.1%
<i>% of GDP</i>	<i>19.5%</i>	<i>19.4%</i>		
<i>GDP, in billion pesos</i>	<i>19,226.2</i>	<i>21,173.9</i>		

1/ Subject to updating upon submission of final Monthly Disbursement Program (MDP) of agencies following the enactment of the FY 2019 GAA.

2/ Consistent with the macroeconomic assumptions and fiscal targets approved during the 175th DBCC meeting on March 13, 2019.

(In Billion Pesos)

Total Cash-Based Budget

4,100.0

Less:

3,188.4

Tier I Budget of Dept's/Agencies

1,842.7

Automatic Appro and SPFs

1,345.7

Fiscal Space

911.6

Expenditure Directions for FY 2020

TIER 2 Priorities:

- **Acceleration of infrastructure**
- **Anti-poverty spending**
- **Pro-employment spending**

By supporting the implementation of game-changing laws such as rice liberalization, universal health care and Bangsamoro autonomy.

Expenditure Directions for FY 2020

New Critical Programs:

- **RA 11223: Universal Health Care Act**
 - ✓ RA 11036: Mental Health Act
 - ✓ RA 11037: Masustansyang Pagkain Para sa Batang Pilipino Act
 - ✓ RA 11148: First 1000 Days Act
 - ✓ RA 11166: Phil. HIV and AIDs Policy Act
 - ✓ RA 11210: 105 Days Expanded Maternity Leave Law

- **RA 11054: Bangsamoro Organic Law**

Expenditure Directions for FY 2020

New Critical Programs:

- **RA 11203: Rice Tariffication Act**
- **Institutionalizing the Pantawid Pamilyang Pilipino Program**
- **RA 11202: Department of Human Settlements and Urban Development Act**

Expenditure Directions for FY 2020

Other Priority Programs:

- **K to 12 Program and Tech-Voc Program**
- **Universal Access to Quality Tertiary Education**
- **Unconditional Cash Transfer (UCT)**
- **Risk Resiliency Program**
- **Coastal Resource Management**

Formulating Tier 2 Proposals

COMPOSITION of TIER 2 Proposals:

- 1. New projects in the FY 2019 GAA**
- 2. Expansion of programs to cover additional/new targets or incorporate new aspects requiring new funding approvals**
- 3. New locally-funded and foreign-assisted projects with FY 2020 as first year of implementation**

Formulating Tier 2 Proposals

CONSIDERATION:

- 1. Implementation Readiness**
- 2. Agency Absorptive Capacity**
- 3. Consistency with the priorities in the Budget Priorities Framework**
- 4. Indicative Annual Procurement Plan**

Implementation Readiness:



- **Feasibility Study**
- **Detailed Engineering Design**
- **Annual Project Management and Procurement Plans**
- **Resettlement or Relocation Action Plans**
- **ROW Acquisition Plans**
- **Agency Operational Plans**
- **Agency Sector Roadmaps**
- **Network Plans**
- **Inter-agency Clearances and Permit**
- **Proofs of coordination with LGU implementers**
- **Other necessary information on what has already been done to prepare for implementation and execution**



Agency Absorptive Capacity

$$\text{BUDGET UTILIZATION RATE} = \frac{\text{FY 2018 MOOE \& CO Current Disbursement}}{\text{FY 2018 MOOE \& CO Current Obligations}} \times 100\%$$

Only proposals of agencies which posted BURs of at least 80% shall be prioritized for funding.

Considerations for Tier 2 Proposals

Considerations	Points
• Implementation readiness	50
• Consistency with the priorities in the BPF	20
• Agency absorptive capacity	20
• With submitted indicative APP	10
Total	100

Only proposals scoring at least 70 pts. shall be recommended for ERB approval.

Formulating Tier 2 Proposals

- **Comprehensive and complete submission of BP Forms prescribed under NBM No. 131**
 - ✓ ***BP Form 202 – Locally-Funded programs/projects***
 - ✓ ***BP Form 203 – Foreign-assisted Projects***
- **Prioritization or a straight ranking budget proposals**

Budget Proposals involving Specific Concerns

“ All endorsed projects shall still be subject to DBM evaluation.”

Endorsing Entity	Subject of Endorsement
CHED	State Universities and Colleges (SUCs) Budgets
DA	Research and Development (R&D) in Agriculture and Fisheries
PSA	Systems of Designated Statistics pursuant to EO 352
MITHI Steering Committee	ISSP in support of ICT-related proposals
DOST	R&D in natural resources, environment, technological and engineering sciences
DENR-NAMRIA	Procurement of Data from Airborne and Space borne platforms and other related products and services for mapping purposes
ICF Review Panel	Funding proposals pertaining to the Hosting of International Conferences
DOH	Early Childhood Care and Development Program
DA	Agricultural Development Program
DTI	Export Development Program
DOT	Tourism Development Program
DBM	Pasig River Convergence Program
DENR	Risk Resiliency Program
HUDCC	Marawi Rehabilitation and Reconstruction Program
NEDA	Three-Year Rolling Project (TRIP), Public Investment Program (PIP)
OPAPP	Payapa at Masaganang Pamayanan (PAMANA) Program



Budget Preparation Calendar under NBM No. 131



PAGBA 2019 2nd Quarterly Seminar
May 1-4, 2019
Crown legacy Hotel, Baguio City

Important Timelines to Remember (NGAs)

ACTIVITY	Timelines
Budget Forum	January 24-25, 2019
RDC Consultation/Dialogue with Selected Agency Central Offices (CO) /ROs	February 2019
Consultations with RDCs, CSOs, Student/Faculty Assoc. and PASUC, & Other Stakeholders under the Assistance to Municipalities	
Submission (through OSBPs) of BP Form Nos. 201 A, B, C, D – Past Year’s Actual Obligation & FY 2018-2022 Revenue Program	January 28 –February 15, 2019
Presentation to the DBM Secretary of the Tier 1 Level	March 14-15, 2019
Sending of Letters to Agencies informing them of their Tier 1 Level	March 19-21, 2019
Presentation to the President and the Cabinet of the Approved Tier 1 Level of Department/Agency/Special Purpose Funds	March 25, 2019
Issuance of NBM for Budget Priorities Framework and Tier I Level Ceiling	March 27- April 7, 2019
Deadline of Submission (through OSBPS) of CY 2020 Budget Proposals Tiers 1 (FEs) and 2, as well as, Summary of Out-year Requirements	May 3, 2019
Conduct of Technical Budget Hearings for Tier 2 (New Spending) Proposals, including Program Convergence Budgeting (PCB)	April 22 – May 20, 2019
Sending of Confirmation Letters to Agencies of the Total Budget Levels (Tiers 1 and 2)	June 13-14, 2019
Presentation to the President and the Cabinet of the CY 2020 Proposed Budget Levels of Department/Agency/Special Purpose Funds	June 17, 2019
Finalization of National Expenditure Program (NEP), Budget of Expenditures and Sources of Financing (BESF) Tables, Staffing Summary, President's Budget Message	June 19- 24, 2019
Printing of CY 2020 Budget Documents	June 25 – July 6, 2019
Submission of the CY 2020 Budget Documents to the President	July 8, 2019
Submission of the CY 2020 President's Budget to Congress (Day of the State of the Nation Address)	July 22, 2019

Link address: <http://osbp.dbm.gov.ph/>

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Deadlines and Submission Requirement

PARTICULARS	SUBMISSION REQUIREMENT	FORMAT
May 3, 2019		
1. Details of approved FY 2020 Tier 1 Ceilings and Tier 2 Proposals	1. All BP Forms	OSBPS-generated hard copies (in triplicate)
2. Supporting Documents	2. Tier 2 justification letter for each submitted BP 202; 3. BP Form 202-A (Convergence Programs and Projects) 4. Summary and List of BP 202/203 Proposals; 5. Thrust/Priorities for the Budget Year; 6. Program/Project Implementation Strategies for FY 2020;	Manually-prepared hard copies (in triplicate)

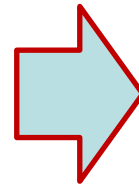
Link address: <http://osbp.dbm.gov.ph/>

Deadlines and Submission Requirement

PARTICULARS	SUBMISSION REQUIREMENT	FORMAT
May 3, 2019		
2. Supporting Documents (continuation)	7. FY 2018 Actual Physical Accomplishments under BAR No. 1 and status of program/project implementation 8. Inventory of Equipment as Required under NBC Nos. 438, 446 and 446-A including refueling/ replacement program	Manually-prepared hard copies (in triplicate)
	9. Indicative Annual Procurement Plan approved by Head of Procuring Entity (HOPE)	Manually-prepared (soft copy in PDF and MS Excel)

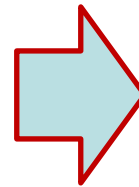
Submission Venue

Agencies
Including SUCs (UPS and MSU)



Administrative Service – Central
Records Division (**AS-CRD**),
Ground Floor, DBM Building III,
General Solano Street, San Miguel,
Manila

SUCs



DBM Regional Office
concerned

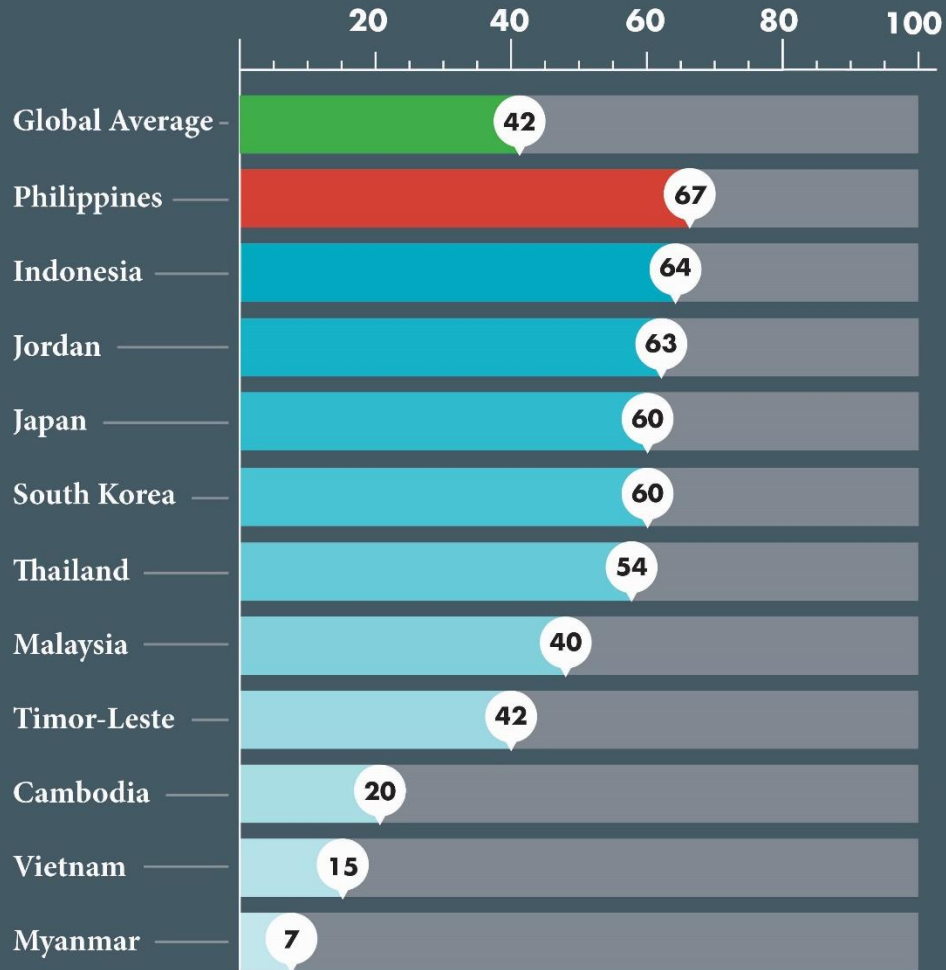
Thank
you



World-Class Budgeting System

The Philippines has one of the most transparent budget systems in the world

How does budget transparency in the Philippines compare to others?



How has the OBI score for the Philippines changed over time?

