



UNITED KINGDOM ♦ PHILIPPINES



PHILIPPINE ECONOMIC BRIEFING

STRENGTHENING ECONOMIC RESILIENCE
AND SPURRING INFRASTRUCTURE GROWTH

25 September 2018 | London, United Kingdom



***Strengthening Economic
Resilience and Spurring
Infrastructure
Development
for Inclusive Growth***

**Secretary Benjamin E. Diokno
Department of Budget and Management**

Outline of Presentation

- I. Medium-Term Fiscal Strategy**
- II. Updates on the Build Build Build Program**
- III. Updates on Budget Utilization**
- IV. Budget Reform Program**
- V. Budget Priorities of the Proposed 2019 National Budget**

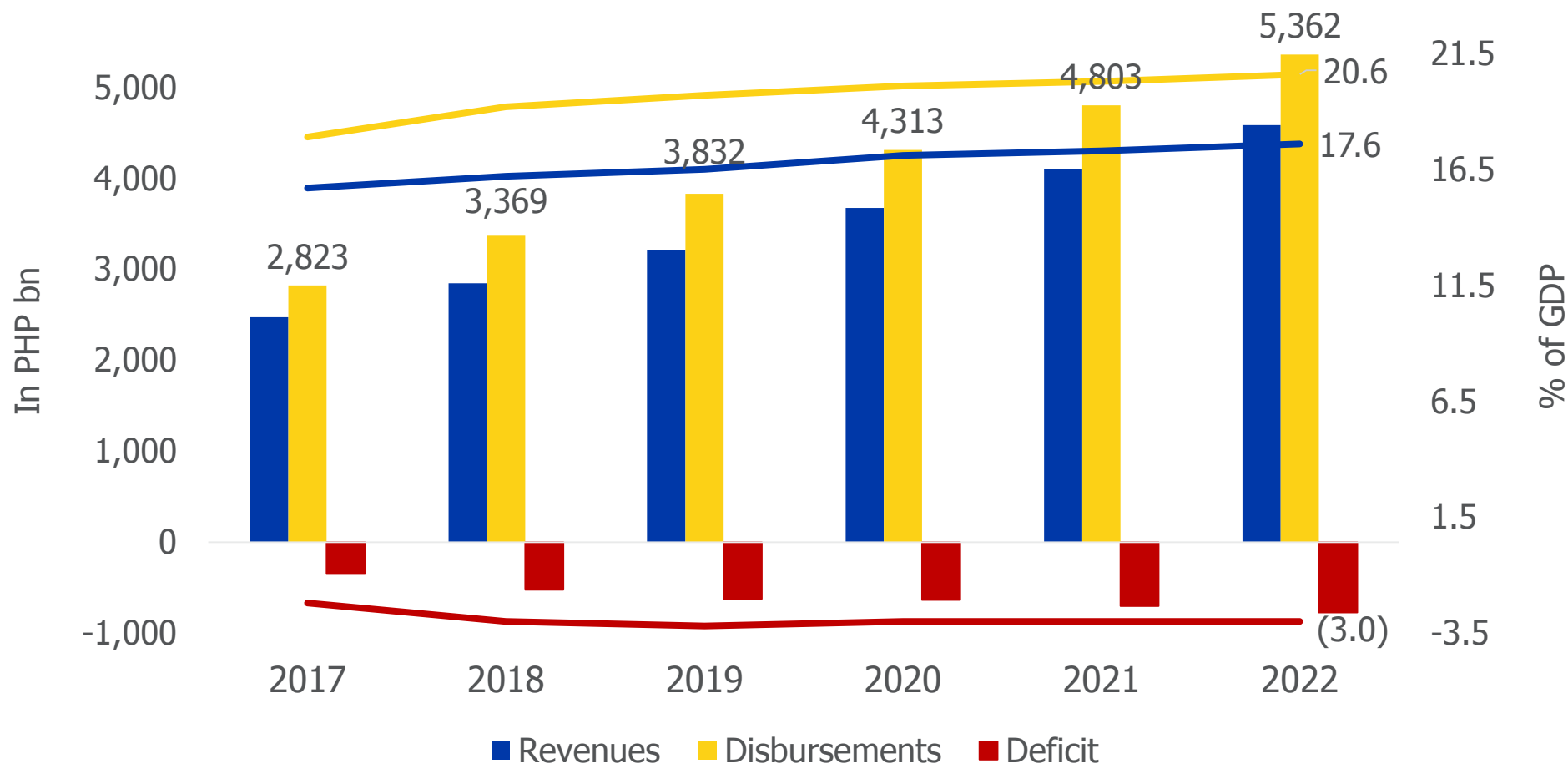


Medium-Term Fiscal Strategy

Medium-Term Fiscal Strategy

National Government Fiscal Performance (2017 – 2022)

Revenues, Disbursements and Deficit (PHPbn and % of GDP)



The Tax Reform Program and the higher deficit will generate almost PHP2.0tn from 2018 to 2022

Fiscal expansion (Higher Deficit + Tax Policy and Administrative Reforms)

		2018	2019	2020	2021	2022
Higher deficit ceiling (2 to 3%)	PHP bn	176	195	215	237	260
	% of GDP	1.0	1.0	1.0	1.0	1.0
TRAIN 1A, 1B, & 1C	PHP bn	89.9	181.4	221.4	222.5	215.9
	% of GDP	0.5	0.9	1.0	0.9	0.8
Total	PHP bn	265.9	376.4	436.4	459.5	475.9
	% of GDP	1.5	1.9	2.0	1.9	1.8

Figures presented are based on the 173rd DBCC Meeting last July 2018

Figures may not add up due to rounding

Medium-Term Financing Mix

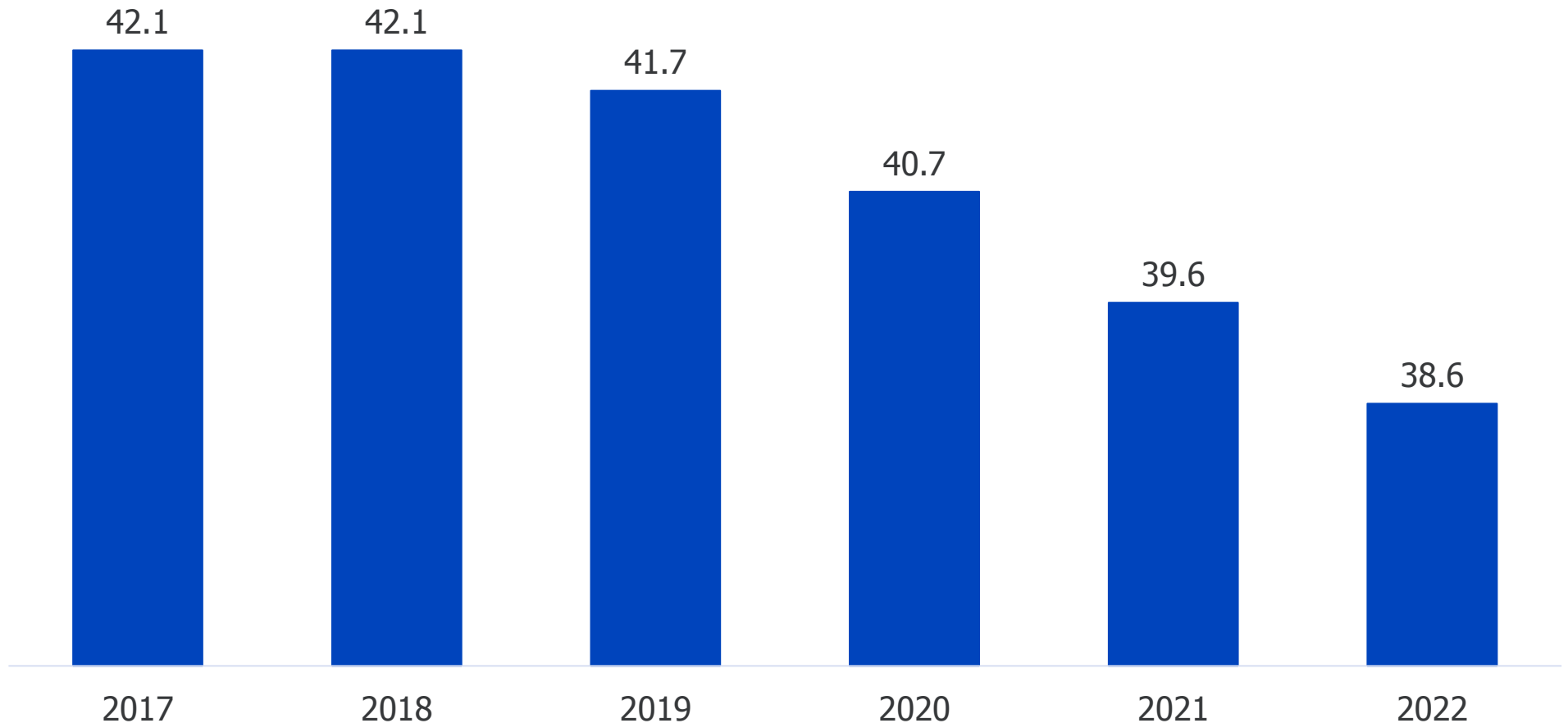
Strong bias for domestic sources to minimize foreign exchange risk

Financing Mix (%)	2017 Actual	2018 Program	2019 Program	2020 Program	2021 Program	2022 Program
Foreign	19	35	25	25	25	25
Domestic	81	65	75	75	75	75

Medium-Term Debt Management Strategy

The Philippine economy will outgrow its debt burden in the medium-term

Declining debt-to-GDP ratio, 2017-2022 (%)

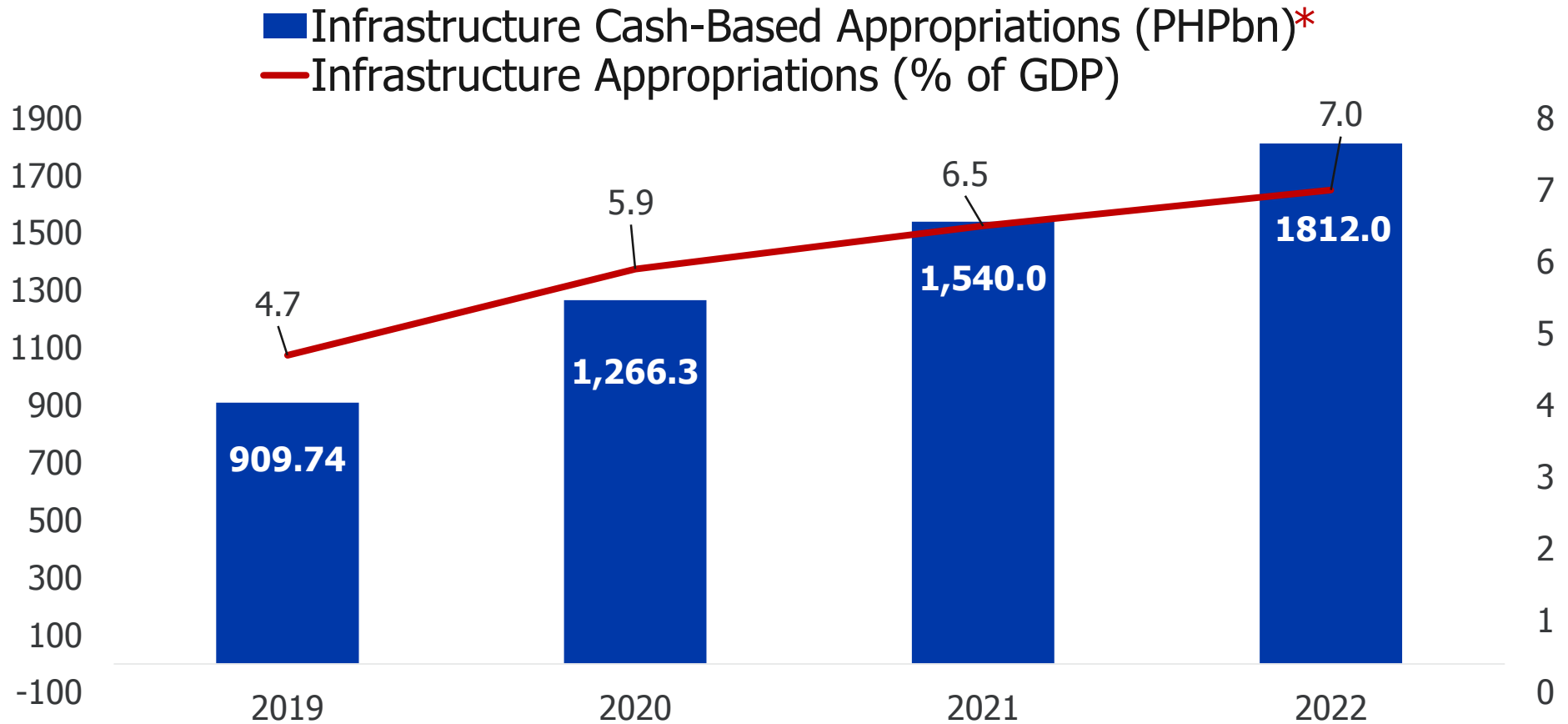




Updates on the Build Build Build Program

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Infrastructure Spending Program, Annual Cash-Based Appropriations*



*Shift to the first annual cash-based budget in 2019. Under this system, all government programs and projects budgeted for the fiscal year should be implemented, delivered, inspected and accepted until the end of the fiscal year and settled within the fiscal year up to the 3-month period following the end of the fiscal year.

Updates on the Build Build Build Program

Infrastructure and Other Capital Disbursements

	Obligation- Based Program (PHP bn)	Actual (PHP bn)	Variance (PHP bn)	Percent
FY 2017	549.4	568.8	19.4	3.5
First Semester of 2018	338.3	352.7	14.4	4.3

- Construction sector contributed around 468,000 additional jobs based from April 2018 Labor Force Survey.



Updates on Budget Utilization

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National Government Disbursement Performance

	Program (PHP bn)	Actual (PHP bn)	Variance (PHP bn)	Underspending Percentage
FY 2014	2,284.3	1,981.6	(302.7)	13.3
FY 2015	2,558.9	2,230.6	(328.3)	12.8
FY 2016	2,645.6	2,549.3	(96.3)	3.6
FY 2017	2,909.0	2,823.8	(85.2)	2.9
First Semester of 2018	1,569.1	1,603.6	34.4	(2.2)

Updates on Budget Utilization

National Government Spending Performance (January – June 2018)

	Jan - Jun 2017 (PHP bn)	Jan - Jun 2018 (PHP bn)	Amount Increase (PHP bn)	Amount Increase (Percent)
Disbursements	1,330.8	1,603.6	272.7	20.5

Infrastructure and Other Capital Outlays (January – June 2018)

	Jan - Jun 2017 (PHP bn)	Jan - Jun 2018 (PHP bn)	Amount Increase (PHP bn)	Amount Increase (Percent)
Disbursements	249.1	352.7	103.6	41.6



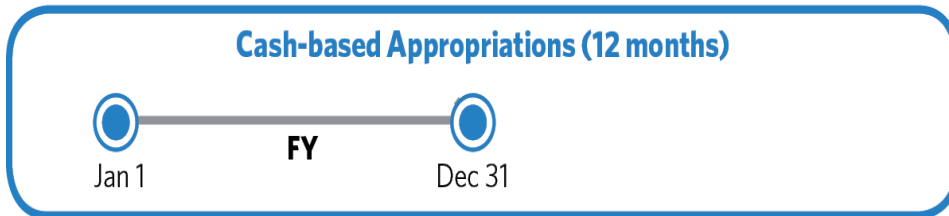
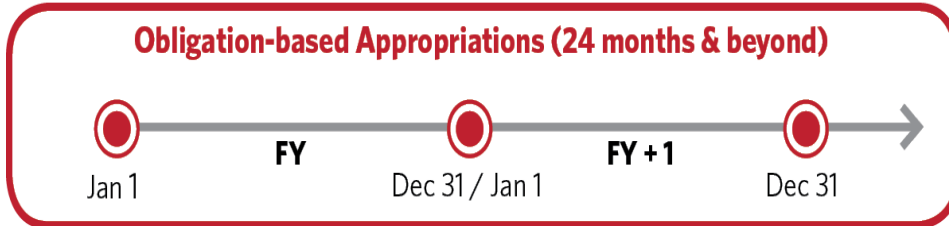
Budget Reform Program

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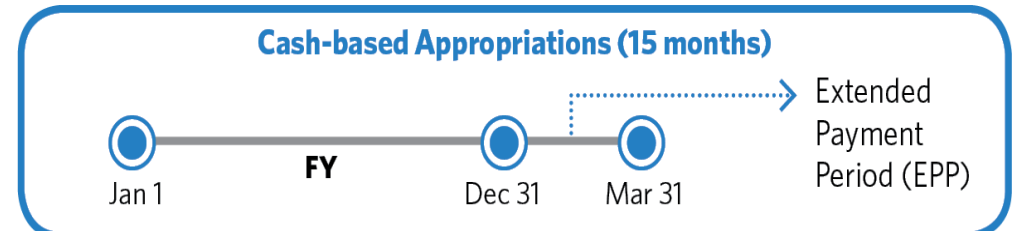
Annual Cash-Based Budgeting



Time Horizon / Period of Implementation



Period of Payment



Gains on Fiscal Transparency Reform

Philippines secures top rank in Asia for Budget Transparency

Open Budget Survey 2017



TRANSPARENCY
67/100

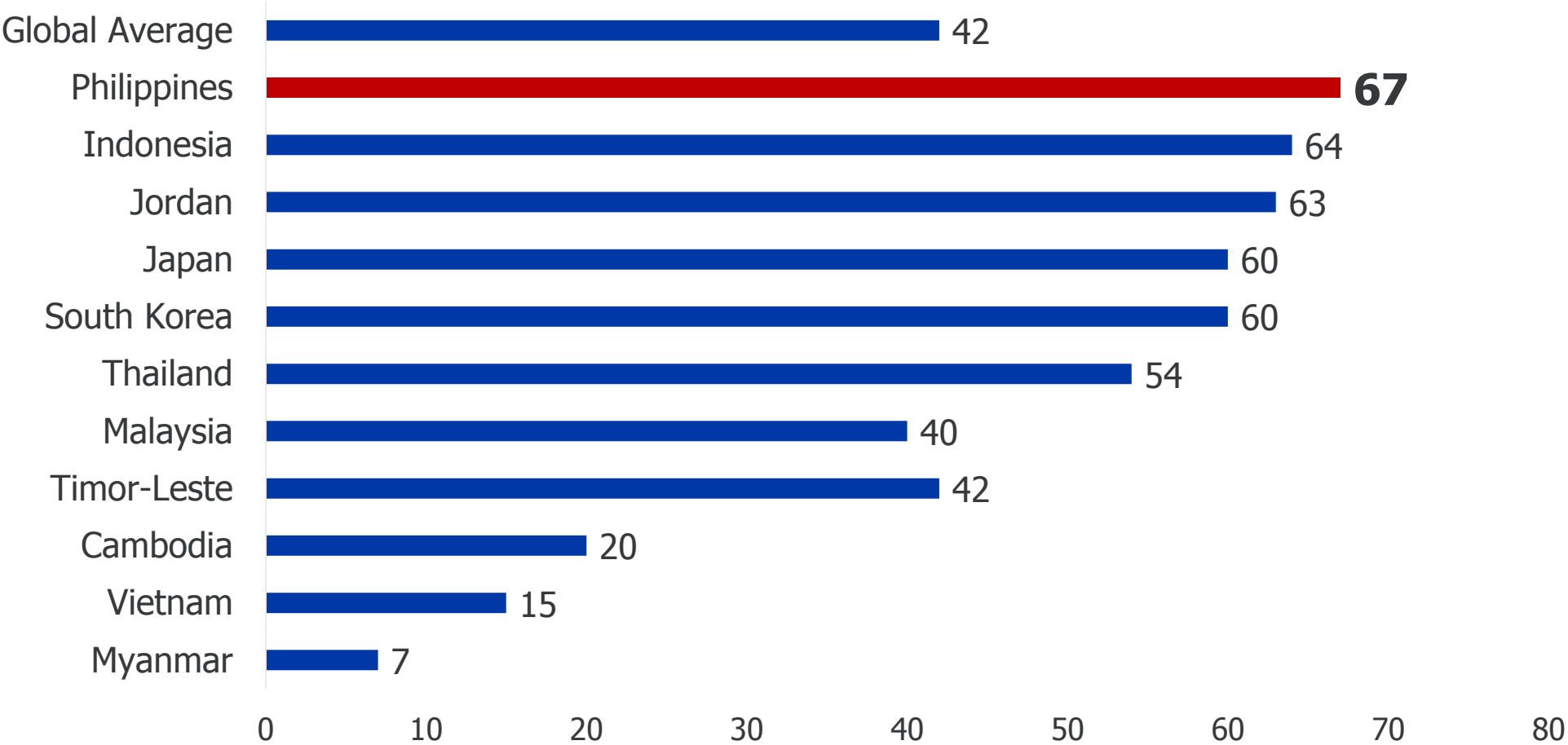
PUBLIC PARTICIPATION
41/100

BUDGET OVERSIGHT
65/100

OUT OF 115 COUNTRIES AROUND THE WORLD

Open Budget Survey 2017

Philippines rank as 67th out of 100 for Budget Transparency



Source: International Budget Partnership

Status of Other Budget Reforms

Budget Modernization Bill

- In 2017, the government shifted to the one-year validity of appropriations to address underspending.
- By 2019, the shift to an annual cash-based budget will be implemented.

Status:

The Budget Modernization Bill has already been approved in the Lower House. It has been sponsored in the Senate and plenary deliberations are ongoing.

Government Rightsizing Program

- Enhance government's institutional capacity
- Improve public service delivery
- Simplify systems and processes of agencies

Status:

Senate Bill (SB) No. 1395 is under second reading for plenary deliberations in the Senate.

Status of Budget Reforms

Project DIME

- Project DIME or “Digital Imaging for Monitoring and Evaluation” provide will revolutionize the Philippines' method of monitoring the progress and completion of government projects.
- Through the use of satellites, drones, and computers, the status of infrastructure projects can be easily monitored without the need for an actual physical inspection.

Procurement Reforms

- Implementing Rules and Regulations of Republic Act (RA) No. 9184, or the Government Procurement Reform Act, have been revised in 2016 to streamline procurement processes that derail program implementation.
- A better government electronic procurement portal Philippine Government Electronic Procurement System (PhilGEPS) Version 1.5, which incorporated a more advanced operating system has been launched.



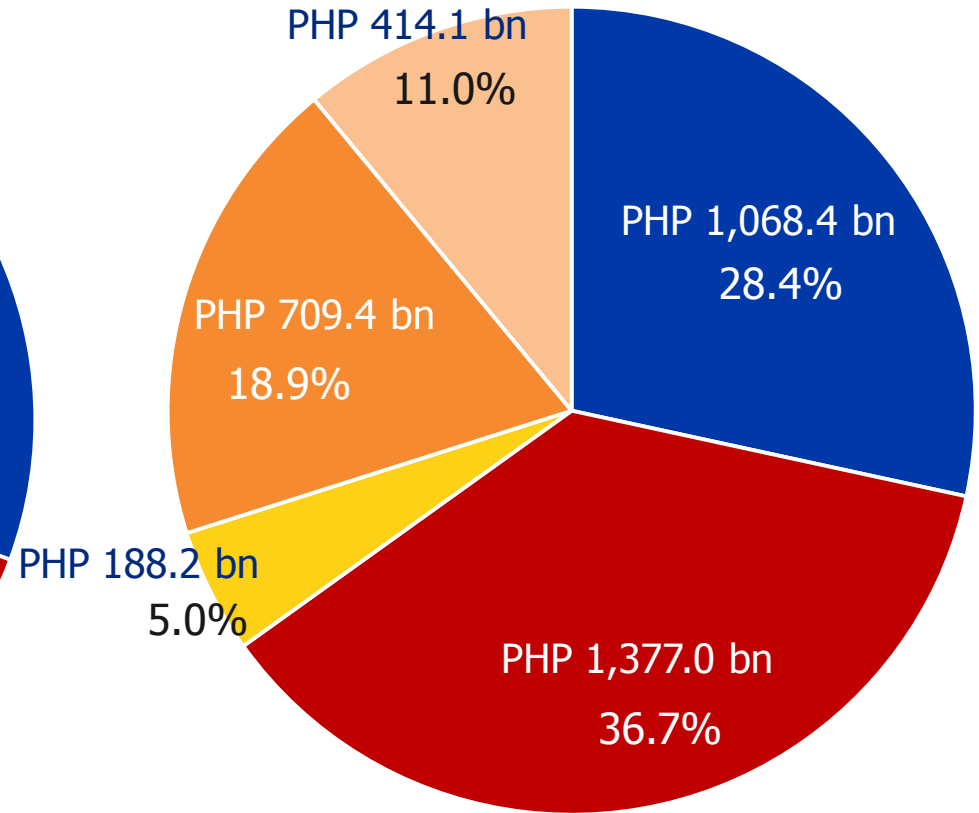
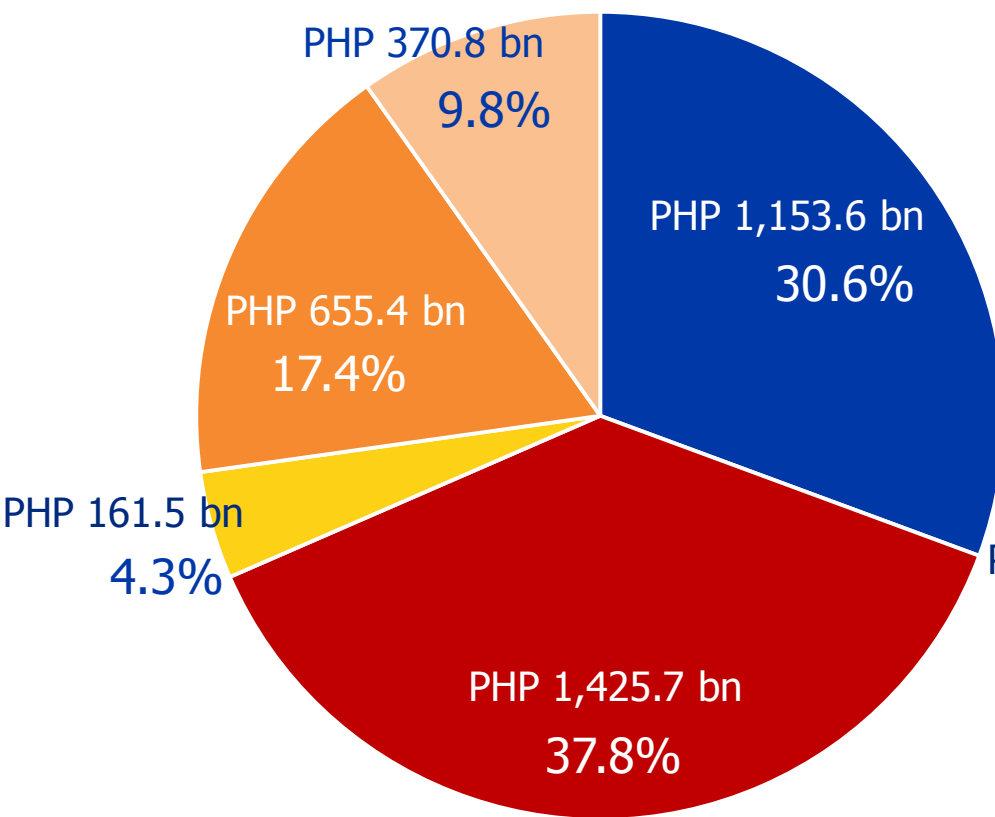
Budget Priorities of Proposed 2019 National Budget

Proposed 2019 National Budget, By Sector

2018 National Budget and 2019 Proposed Budget (PHPbn, % share)

2018

2019



■ Economic Services ■ Social Services ■ Defense ■ General Public Services ■ Debt Burden



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