

The 2018 National Budget and Status of 2017 Budget

Director Amanella D. Arevalo

Philippine Association for Government Budget Administration (PAGBA), Inc.
3rd Quarter Seminar and Meeting

Citystate Asturias Hotel, Puerto Princesa, Palawan

October 4, 2017

2017 3rd Quarterly Seminar & Meeting / October 4-7, 2017
Citystate Asturias Hotel, Puerto Princesa City, Palawan



Outline

I. The Proposed 2018 National Budget

A. Overview of the Proposed Budget for 2018

1. Budget Priorities Framework
2. Budget Aggregates
3. Key Dimensions

B. Updates on the FY 2018 Budget

II. Status of the FY 2017 Budget

2017 3rd Quarterly Seminar & Meeting / October 4-7, 2017
Citystate Asturias Hotel, Puerto Princesa City, Palawan



THE PROPOSED FY 2018 BUDGET

**“A BUDGET THAT REFORMS
AND TRANSFORMS”**

2017 3rd Quarterly Seminar & Meeting / October 4-7, 2017
Citystate Asturias Hotel, Puerto Princesa City, Palawan

FY 2018 Budget Priorities Framework

Supportive of the 0+10 Socioeconomic Agenda of this Administration as envisioned in the 2017-2022 Philippine Development Plan in pursuit of inclusive growth and globally competitive economy.



Enhancing the Social Fabric – “Malasakit”

- Ensure people-centered, clean and efficient governance
- Pursue swift and fair administration of justice
- Promote Philippine culture and values



Inequality Reducing Transformation – “Pagbabago”

- Expand economic opportunities in agriculture, forestry and fisheries, and industry and services
- Accelerate human capital development
- Reduce vulnerability of individuals/families



Increasing Growth Potential – “Patuloy na Pag-unlad”

- Advance science, technology and innovation



Maintaining the Foundations for Sustainable Development

- Accelerate implementation of strategic infrastructure
- Pursue just and lasting peace
- Ensure security, public order and safety
- Ensure ecological integrity, clean and healthy environment



Maintained Fiscal Deficit at 3% of GDP While Providing for New and Expanded Programs and Projects

Fiscal Expansion (Higher Deficit + Tax Policy and Administrative Reforms)¹

	2018	2019	2020	2021	2022
Higher deficit ceiling (2% to 3% of GDP)	P175 B	P192 B	P210 B	P231 B	P254 B
Tax Reform	P134 B 0.8 % of GDP	P234 B 1.2 % of GDP	P273 B 1.3 % of GDP	P253 B 1.1 % of GDP	P270 B 1.1 % of GDP
TOTAL	P309 B 1.8 % of GDP	P426 B 2.2 % of GDP	P483 B 2.3 % of GDP	P484 B 2.1 % of GDP	P524 B 2.1 % of GDP

Despite the fiscal expansion, debt-to-GDP ratio will still decline over the medium-term

Debt-to-GDP Ratio ¹	40.5% of GDP	39.8% of GDP	38.8% of GDP	38.1% of GDP	37.7% of GDP
--------------------------------	---------------------	---------------------	---------------------	---------------------	---------------------

Tax Reform for Acceleration and Inclusion (TRAIN)

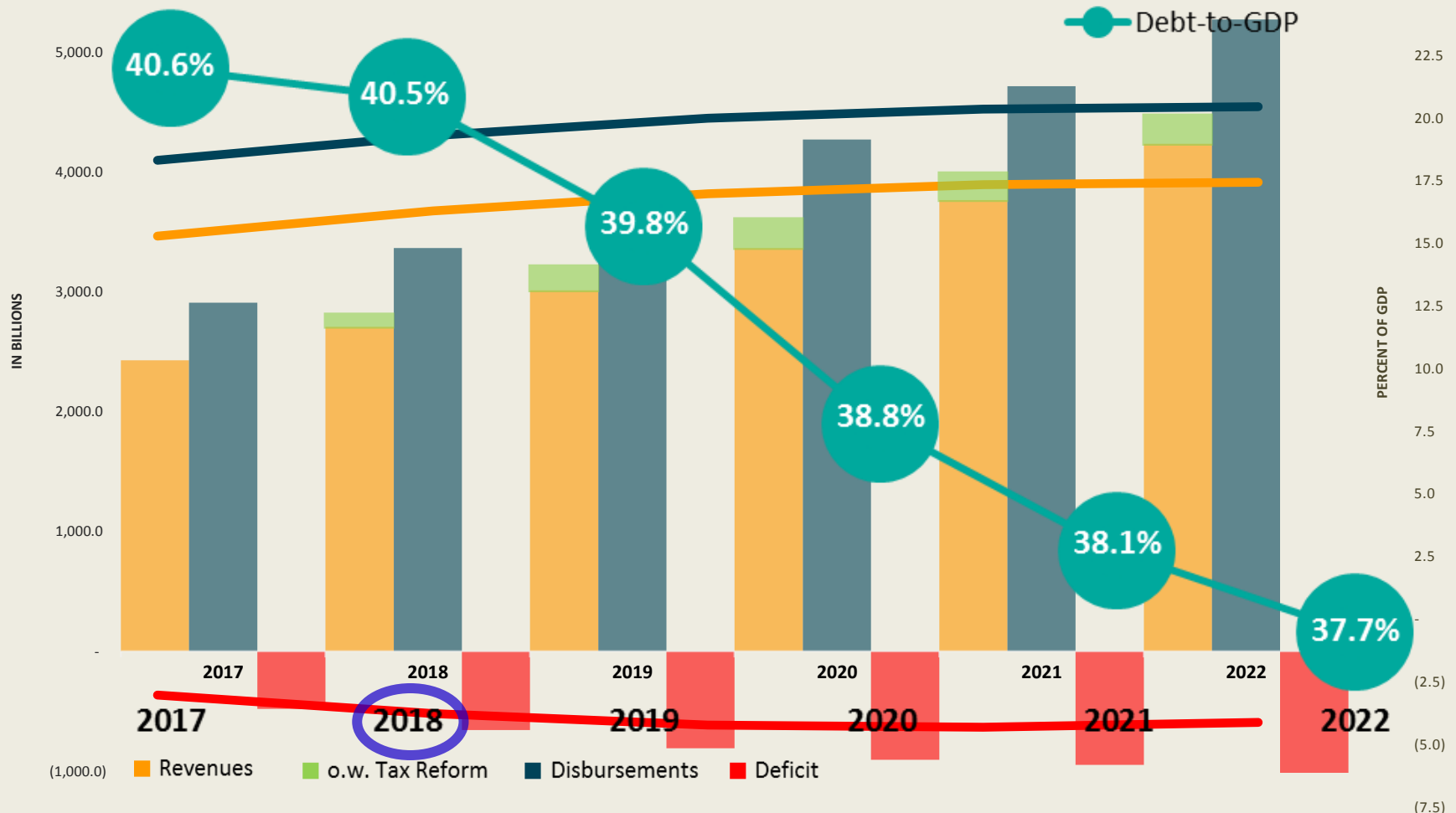
1. Adjustment of the personal income tax brackets
2. Broadening the VAT system by limiting exemptions to raw food and other necessities
3. Staggered increase of excise tax on all petroleum products and index to inflation
4. Updating of excise tax on automobiles

¹ Projections consistent with the medium-term fiscal targets and growth assumptions approved during the 170th DBCC Meeting on June 9, 2017.



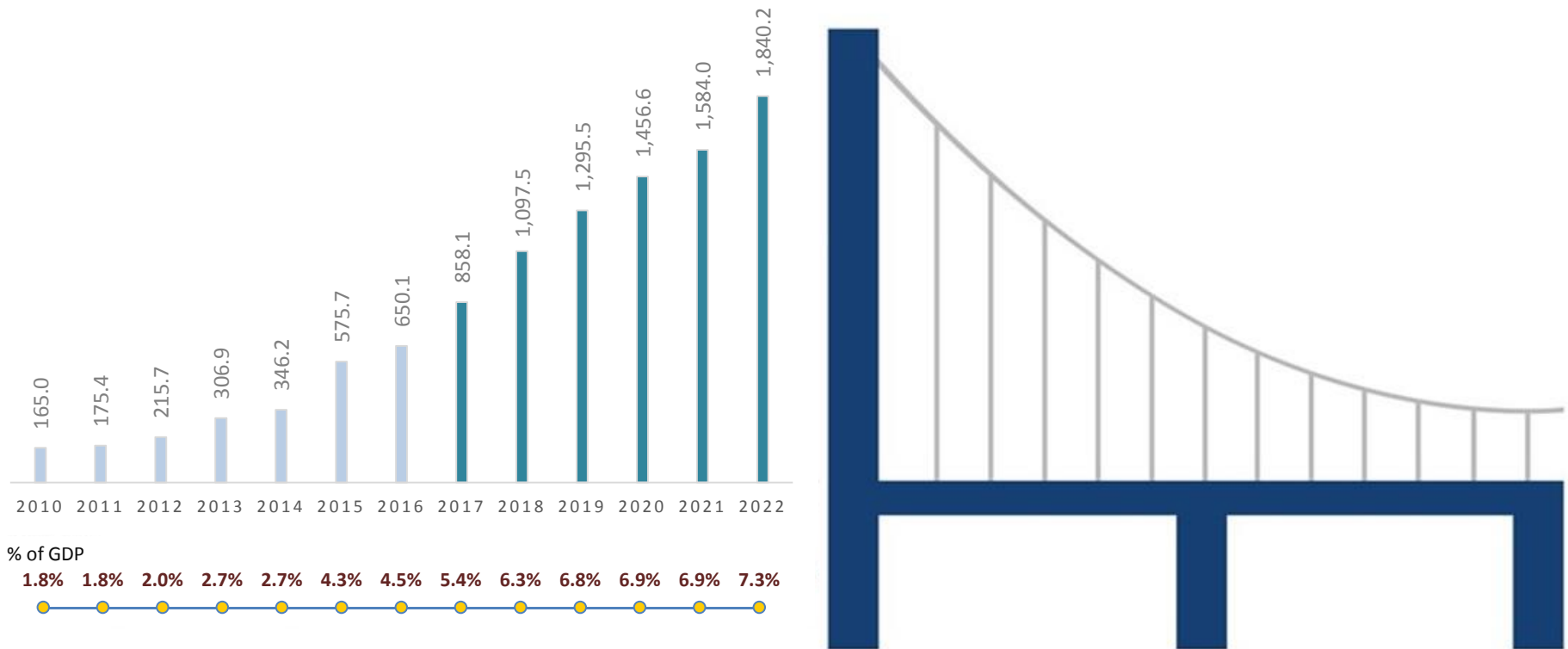
Continued Adherence to the Debt Reduction Strategy

The expansionary fiscal policy will still result to a declining debt-to-GDP ratio over the medium term.



Accelerated Infrastructure Spending from 5% of GDP to 6.3%

Tax policy and tax administration reforms will largely fund the **P8.0 to P9.0 trillion infrastructure program*** of the government over the medium-term. This will allow us to bridge the large infrastructure gaps in the country and help us realize our development goals.



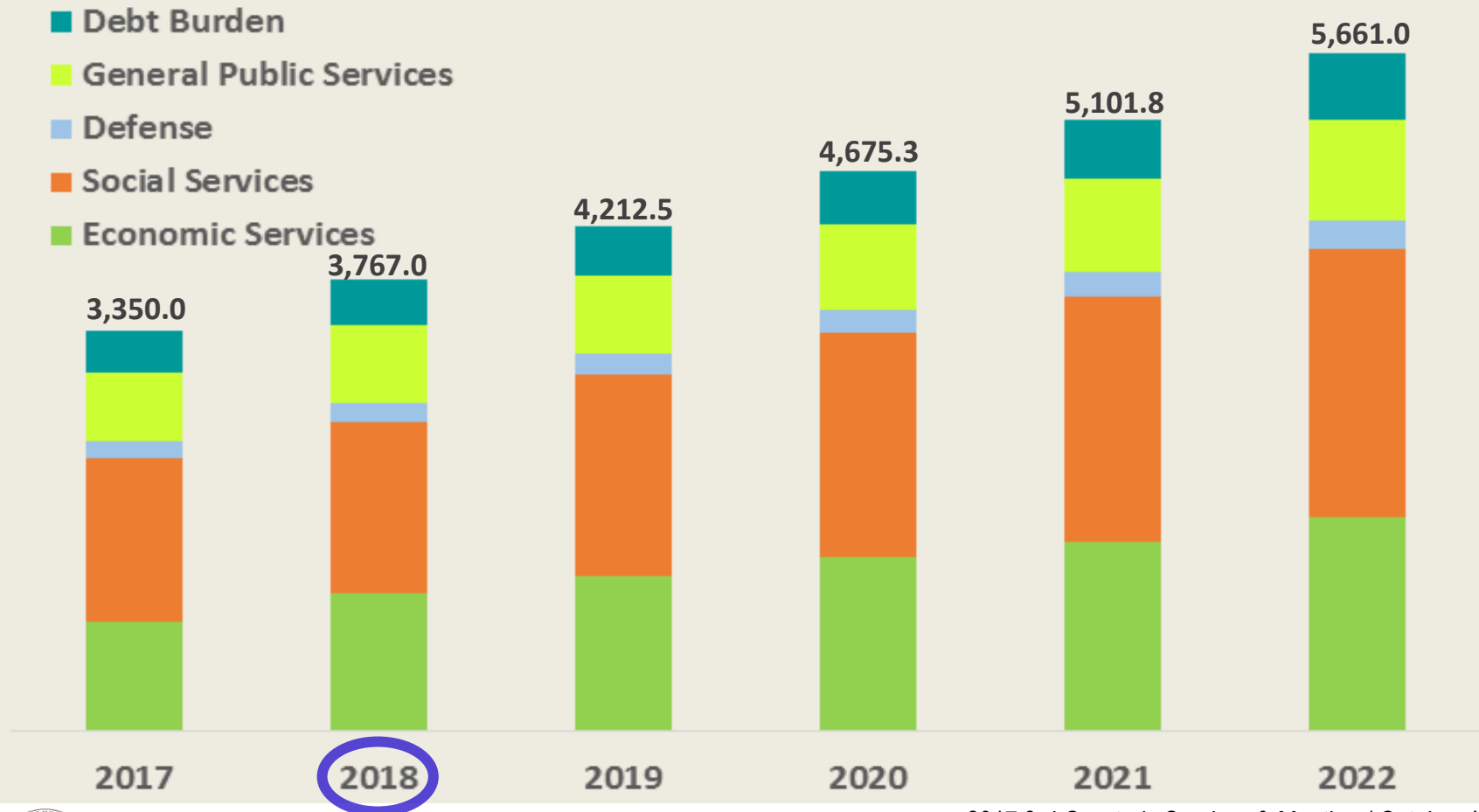
Projections consistent with the medium-term fiscal targets and growth assumptions approved during the 170th DBCC Meeting on June 9, 2017.

*Obligation basis.



Increased Socio-economic Spending to Achieve Equitable Prosperity

Social and Economic Services spending will expand to 9.2% and 6.8% of GDP, respectively, by 2022 from 8.5% and 5.8% this year.



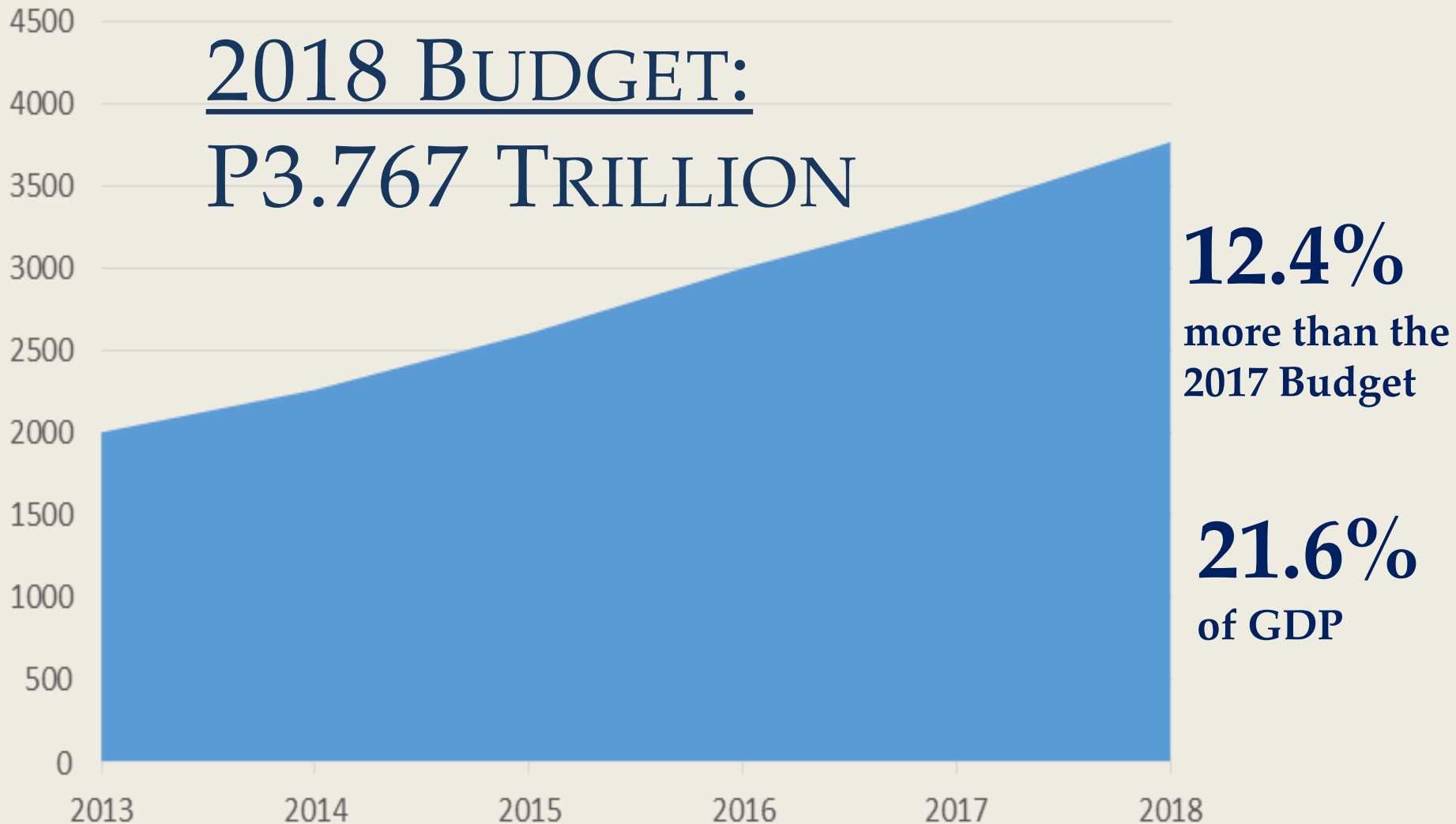
NG Fiscal Levels, 2016-2018

(In billion pesos)

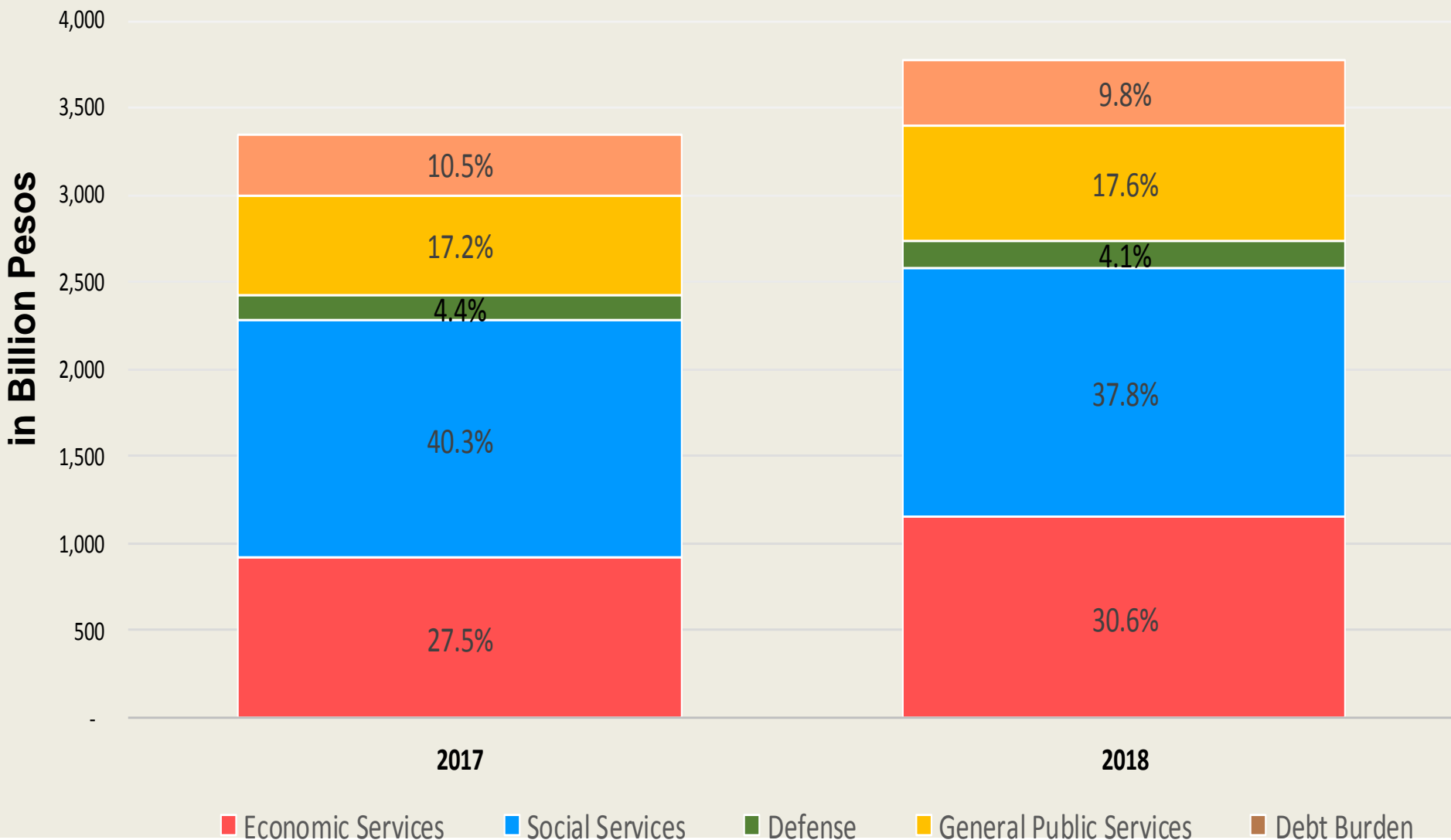
PARTICULARS	2016 Actual	2017 Program	2018 Proposed	2017-2018 Inc/(Dec)	
				Amount	Percent
REVENUES	<u>2,195.9</u>	<u>2,426.9</u>	<u>2,840.5</u>	<u>413.6</u>	<i>17.0</i>
Tax	1,980.4	2,258.4	2,671.7	413.4	<i>18.3</i>
Non-Tax	215.5	168.5	168.8	0.3	<i>0.2</i>
DISBURSEMENTS	<u>2,549.3</u>	<u>2,909.0</u>	<u>3,364.1</u>	<u>455.1</u>	<i>15.6</i>
o.w. Interest Payments	304.5	334.9	353.4	18.5	<i>5.5</i>
SURPLUS/(DEFICIT)	(353.4)	(482.1)	(523.6)	(41.5)	<i>8.6</i>
FINANCING ACCOUNT	<u>353.4</u>	<u>482.1</u>	<u>523.6</u>	<u>41.5</u>	<i>8.6</i>
o.w. Net Borrowings	330.9	584.8	821.3	236.5	<i>40.4</i>
<i>Percent of GDP</i>					
Revenues	<i>15.2</i>	<i>15.3</i>	<i>16.3</i>	<i>1.0</i>	<i>6.5</i>
Disbursements	<i>17.6</i>	<i>18.3</i>	<i>19.3</i>	<i>0.9</i>	<i>5.2</i>
Surplus/(Deficit)	<i>(2.4)</i>	<i>(3.0)</i>	<i>(3.0)</i>	<i>0.0</i>	<i>(1.2)</i>
GDP	14,481	15,877	17,456	1,579.1	<i>9.9</i>



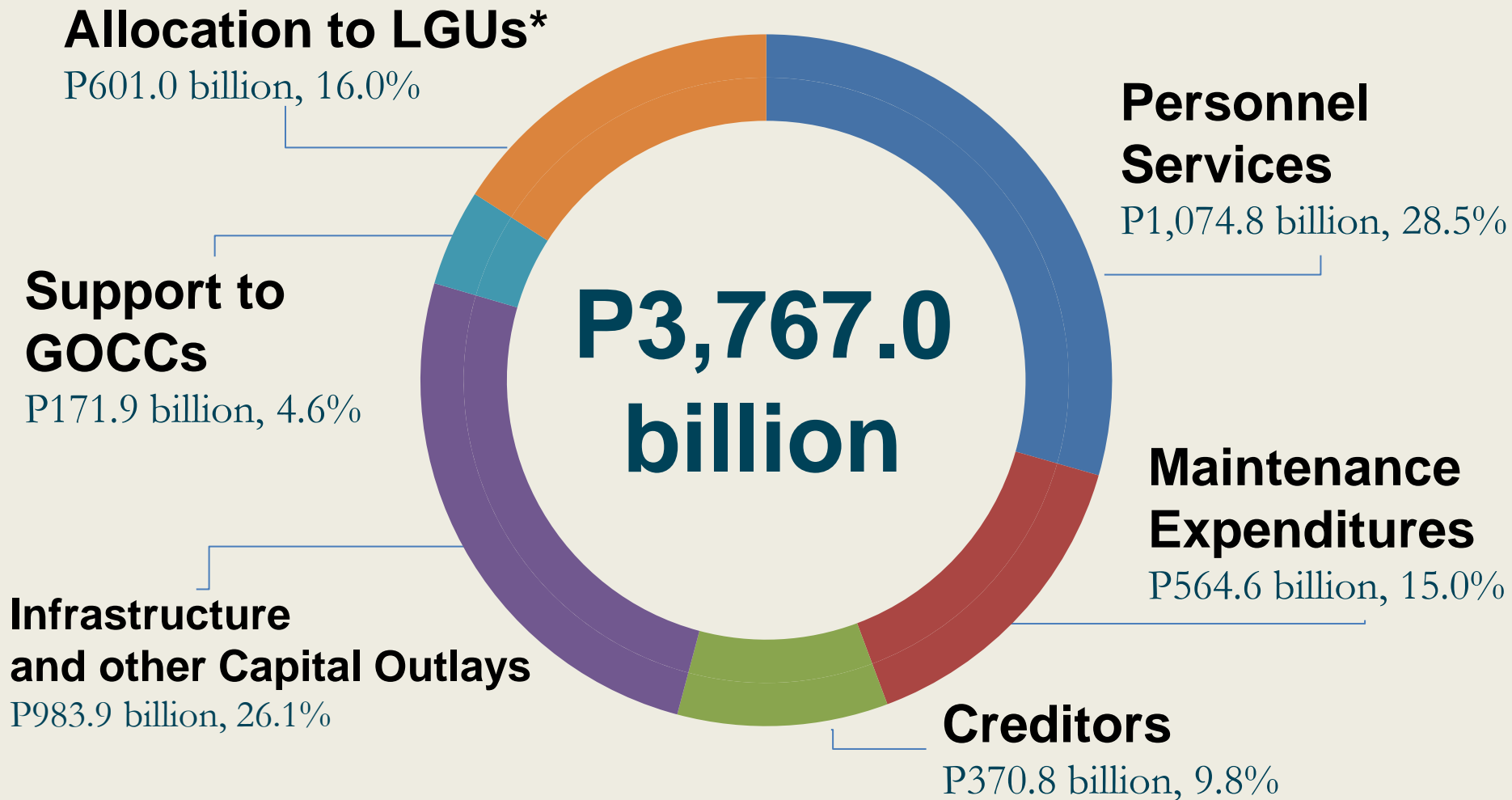
FY 2018 National Budget



FY 2018 National Budget, by Sector



FY 2018 National Budget, by Expense Class

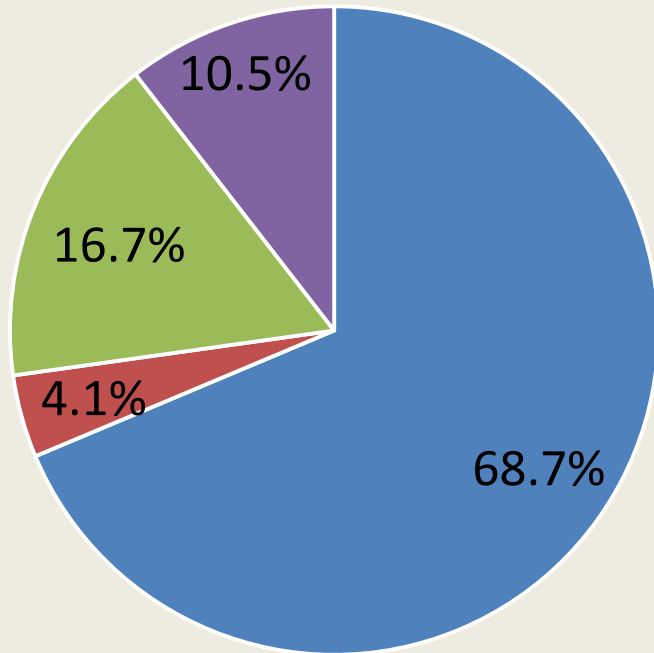


**includes transfers to LGUs such as IRA, Special Shares and LGSF, among others*

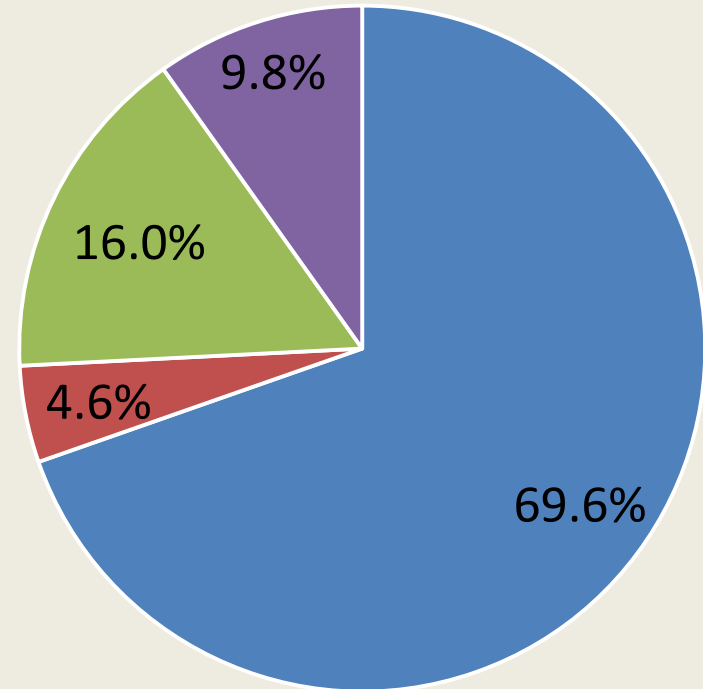


FY 2018 National Budget, by Recipient Unit

FY 2017



FY 2018



■ NG Agencies ■ GOCCs ■ ALGU ■ Interest Payment and Net Lending*

**includes transfers to LGUs such as IRA, Special Shares and LGSF, among others*



FY 2018 National Budget, Top Departments

(in billion pesos)

DEPARTMENT	2016 GAA		2017 GAA		2018 Proposed		Growth Rate (%)	
	Amount	Rank	Amount	Rank	Amount	Rank	16-17	17-18
Education (DepEd, SUCs, CHED, TESDA)	499.6	1	656.3	1	698.1	1	31.4	6.4
Public Works (DPWH)	397.1	2	467.7	2	643.3	2	17.8	37.5
Interior & Local Gov't (DILG)	125.4	3	149.4	3	172.3	3	19.1	15.4
Health (DOH) ^{1/}	125.0	4	151.6	4	164.3	4	21.3	8.4
Defense (DND)	117.7	5	137.4	5	145.0	5	16.7	5.5
Social Welfare (DSWD)	110.8	6	128.4	6	138.0	6	15.9	7.5
Transportation (DOTr) ^{2/}	44.3 ^{2/}	8	55.7	7	73.8	7	25.7	32.6
Agriculture (DA)	48.9	7	45.9	8	54.2	8	(6.1)	18.1
ARMM	29.4	9	33.5	9	33.5	9	13.8	(0.0)
Environment and Natural Resources (DENR)	22.3	10	27.3	10	27.9	10	22.8	2.1
TOTAL	1,520.5		1,853.2		2,150.4		21.9	16.0

2017 3rd Quarterly Seminar & Meeting / October 4-7, 2017

Citystate Asturias Hotel, Puerto Princesa City, Palawan

1/ Includes PHIC budget

2/ DOTC budget

Regional Allocation of the Expenditure Program, 2016-2018

(In million pesos)

Particulars	Levels			Growth Rate				Percent Share		
	2016 GAA	2017 GAA	2018 Proposed	2016-2017		2017-2018		2016	2017	2018
				Amount	%	Amount	%			
NCR	445,735	536,641	897,686	90,906	20.4	361,045	67.3	14.8	16.0	23.8
LUZON	628,345	718,019	769,129	89,674	14.3	51,110	7.1	20.9	21.4	20.4
VISAYAS	298,330	328,742	360,785	30,412	10.2	32,043	9.7	9.9	9.8	9.6
MINDANAO	396,921	416,505	470,178	19,584	4.9	53,673	12.9	13.2	12.4	12.5
REGIONALIZED BUDGET	<u>1,769,332</u>	<u>1,999,908</u>	<u>2,497,779</u>	<u>230,575</u>	<u>13.0</u>	<u>497,871</u>	<u>24.9</u>	<u>58.9</u>	<u>59.7</u>	<u>66.3</u>
NATIONWIDE CENTRAL OFFICE	747,676	694,424	1,223,166	(53,252)	-7.1	528,742	76.1	24.9	20.7	32.5
	484,792	655,668	46,055	170,877	35.2	(609,614)	-93.0	16.2	19.6	1.2
TOTAL	<u>3,001,800</u>	<u>3,350,000</u>	<u>3,767,000</u>	<u>348,200</u>	<u>11.6</u>	<u>417,000</u>	<u>12.4</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

2017 3rd Quarterly Seminar & Meeting / October 4-7, 2017
Citystate Asturias Hotel, Puerto Princesa City, Palawan



Regional Allocation of the Expenditure Program, 2016-2018

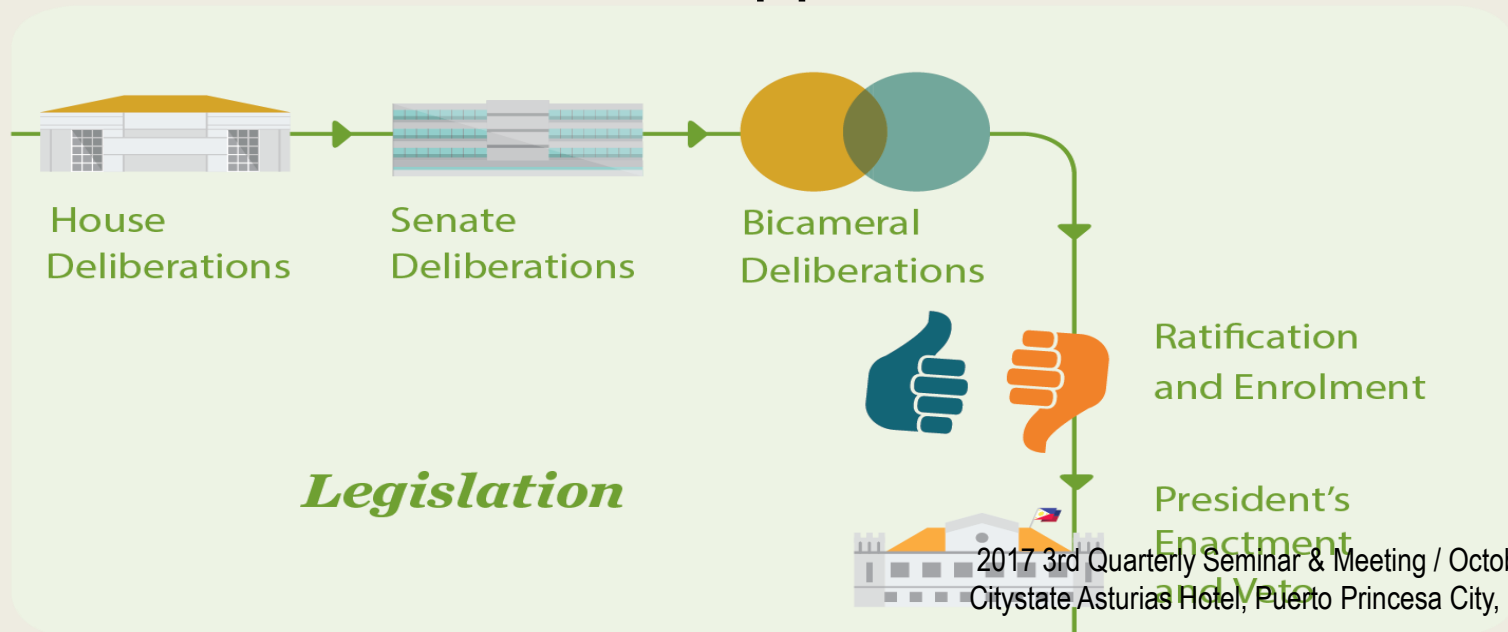
(In million pesos)

Particulars	Levels			Growth Rate				Percent Share	
	2016 GAA	2017 GAA	2018 Proposed	2016-2017		2017-2018		2016	2017
				Amount	%	Amount	%		
NCR	445,735	536,641	897,686	90,906	20.4	361,045	67.3	14.8	16.0
LUZON	628,345	718,019	769,129	89,674	14.3	51,110	7.1	20.9	21.4
Region I	79,010	91,233	98,061	12,223	15.5	6,828	7.5	2.6	2.7
CAR	43,969	45,621	50,598	1,652	3.8	4,978	10.9	1.5	1.4
Region II	64,222	72,049	78,332	7,827	12.2	6,283	8.7	2.1	2.2
Region III	140,950	161,716	171,586	20,766	14.7	9,871	6.1	4.7	4.8
Region IV	203,666	237,459	250,935	33,793	16.6	13,476	5.7	6.8	7.1
Region V	96,528	109,942	119,617	13,414	13.9	9,675	8.8	3.2	3.3
VISAYAS	298,330	328,742	360,785	30,412	10.2	32,043	9.7	9.9	9.8
Region VI	109,343	119,328	130,485	9,985	9.1	11,157	9.3	3.6	3.6
Region VII	100,937	112,877	124,186	11,940	11.8	11,308	10.0	3.4	3.4
Region VIII	88,051	96,537	106,115	8,487	9.6	9,578	9.9	2.9	2.9
MINDANAO	396,921	416,505	470,178	19,584	4.9	53,673	12.9	13.2	12.4
Region IX	69,923	77,614	87,997	7,691	11.0	10,383	13.4	2.3	2.3
Region X	83,979	83,192	89,557	(787)	-0.9	6,365	7.7	2.8	2.5
Region XI	69,947	76,406	87,619	6,459	9.2	11,212	14.7	2.3	2.3
Region XII	65,841	82,473	94,055	16,632	25.3	11,581	14.0	2.2	2.5
CARAGA	53,501	56,774	62,801	3,273	6.1	6,027	10.6	1.8	1.7
ARMM	53,731	40,046	48,150	(13,686)	-25.5	8,104	20.2	1.8	1.2
REGIONALIZED BUDGET	1,769,332	1,999,908	2,497,779	230,575	13.0	497,871	24.9	58.9	59.7
NATIONWIDE CENTRAL OFFICE	747,676	694,424	1,223,166	(53,252)	-7.1	528,742	76.1	24.9	20.7
	484,792	655,668	46,055	170,877	35.2	(609,614)	-93.0	16.2	19.6
TOTAL	3,001,800	3,350,000	3,767,000	348,200	11.6	412,009	24.4	100.0	100.0

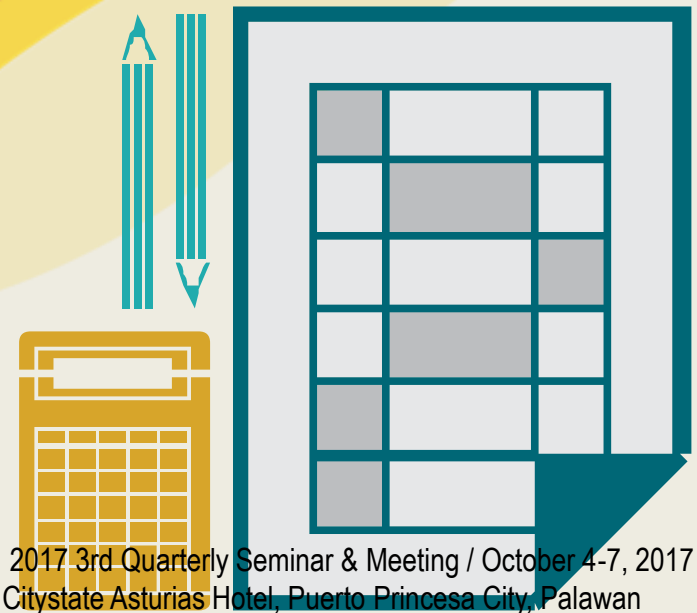
2017 3rd Quarterly Seminar & Meeting / October 4-7, 2017
Citystate Asturias Hotel, Puerto Princesa City, Palawan

Updates on the Proposed 2018 National Budget

- ✓ As of September 26, 2017, the House of Representatives approved the FY 2018 General Appropriations Bill (H.B. 6215)
- ✓ As of date, it has been officially transmitted to the Senate of the Philippines for deliberation.



II. STATUS OF THE FY 2017 BUDGET



STATUS OF CY 2017 BUDGET PROGRAM

As of September 30, 2017

(amounts in billions)

Particulars	Adjusted Program		Allotment Releases		Balance		% of Releases Over Program	
	2016	2017	2016	2017	2016	2017	2016	2017
A. GAA - R.A. 10924	2,071.105	2,431.987	1,814.548	2,008.587	256.556	423.400	87.6%	82.6%
Departments	1,619.896	1,968.797	1,537.610	1,770.788	82.285	198.009	94.9%	89.9%
Special Purpose Funds	451.209	463.189	276.938	237.798	174.271	225.391	61.4%	51.3%
B. AUTOMATIC APPROPRIATIONS	930.695	918.013	879.363	888.754	51.333	29.259	94.5%	96.8%
ORIGINAL PROGRAM	3,001.800	3,350.000	2,693.911	2,897.341	307.889	452.659	89.7%	86.5%
OTHER RELEASES	-	-	58.139	61.183	(58.139)	(61.183)		
CONTINUING APPRO., R.A. 10717	-	-	34.633	40.790	(34.633)	(40.790)		
UNPROGRAMMED APPROPRIATIONS			21.078	13.878	(21.078)	(13.878)		
OTHER AUTOMATIC APPROPRIATIONS	-	-	2.428	6.514	(2.428)	(6.514)		
TOTAL	3,001.800	3,350.000	2,752.050	2,958.524	249.750	391.476	91.7%	88.3%

percentage of increase/decrease

12%

8%

Big Ticket Items of Unreleased Appropriations (2017 GAA)

As of September 30, 2017

(amounts in billions)

Particulars	Amount
A. Agency Specific Budgets	
DepEd	37.145
Administration of Personnel Benefits (APB)	1.540
Creation & Filling Up of Positions of DepEd	35.605
DPWH	103.414
Locally Funded Projects PPP-Strategic Support Fund	5.540
Basic Education Facilities (from DepEd's appro.)	94.838
Payments of Right-of-Way	3.035
DND - GHQ Revised AFP Modernization Program	19.963
DILG - PNP Administration of Personnel Benefits (APB)	12.224

Big Ticket Items of Unreleased Appropriations (2017 GAA)

As of September 30, 2017

(amounts in billions)

Particulars	Amount
B. Special Purpose Funds	
BSGC	50.825
ALGU - SSPNT	29.666
MPBF	74.256
PGF	65.072

2017 Status of Appropriations, Allotments, Obligations, Disbursements and Balances

January 1 - June 30, 2017

(amounts in billions)

PARTICULARS	APPRO.	* ADJUSTMENTS	TOTAL AVAILABLE APPRO.	ALLOTMENTS	OBLIGATIONS	UNOBLIGATED ALLOTMENTS	% of Obligations Over Allotments	% of Disbursements Over Obligations
TOTAL	3,704.623	7.028	3,711.652	3,070.468	1,448.524	1,621.943	47.2%	62.0%
CURRENT YEAR BUDGET	3,350.000	7.028	3,357.028	2,793.427	1,361.205	1,432.222	48.7%	65.9%
Departments	1,968.797	140.399	2,109.197	1,857.763	853.163	1,004.601	45.9%	48.1%
Special Purpose Funds	463.189	413.350	876.540	600.786	356.465	244.322	59.3%	94.1%
BSGC	137.758	7.277	145.035	73.149	73.149	-	100.0%	0.0%
ALGU (inclu. MMDA)	73.157	486.903	560.060	527.638	283.316	244.322	53.7%	0.0%
Other SPFs	252.275	(80.830)	171.445			-		
Automatic Appropriations	918.013	(546.721)	371.292	334.877	151.577	183.300	45.3%	100.0%
Interest Payments	334.877		334.877	334.877	151.577	183.300	45.3%	0.0%
Internal Revenue Allotment	486.885	(486.885)	-			-		
Net Lending	16.765	-	16.765			-		
Other Automatic	79.486	(59.836)	19.650			-		
CONTINUING APPRO.	354.624	-	354.624	277.041	87.320	189.721	31.5%	0.0%
Departments	29.487	12.851	42.338	26.202	10.048	16.155	38.3%	0.0%
Special Purpose Funds	78.491	(12.851)	65.640	4.193	4.193	-	100.0%	0.0%
Unobligated Allotments	246.645		246.645	246.645	73.079	173.567	29.6%	0.0%

2017 3rd Quarterly Seminar & Meeting / October 4-7, 2017

* P7.028B additional program pertains to releases to Departments (P.238B) and GOCCs (P.700B) under the Unprogrammed Appropriations

TOP TEN DEPARTMENTS (in terms of budget allocations)

January 1- June 30, 2017

(amounts in billions)

Particulars	Total Available Appropriations	Allotments	Obligations	Unobligated Allotments	Obligation Rate	Disbursement Rate
DepEd	498.074	449.039	153.202	295.837	34.1%	96.7%
Current Year Budget	462.536	413.635	149.312	264.322	36.1%	
Continuing	35.538	35.405	3.890	31.515	11.0%	
DPWH	686.838	550.825	333.557	217.268	60.6%	17.3%
Current Year Budget	580.072	453.434	301.973	151.461	66.6%	
Continuing	106.766	97.391	31.584	65.807	32.4%	
DILG	189.176	172.215	84.709	87.506	49.2%	11.8%
Current Year Budget	182.789	166.126	82.673	83.452	49.8%	
Continuing	6.387	6.089	2.035	4.054	33.4%	
DND	194.542	164.442	84.856	79.586	51.6%	86.5%
Current Year Budget	174.335	149.336	73.880	75.456	49.5%	
Continuing	20.207	15.106	10.976	4.130	72.7%	
DSWD	156.139	155.122	63.364	91.758	40.8%	0.2%
Current Year Budget	130.503	129.485	48.773	80.712	37.7%	
Continuing	25.636	25.636	14.591	11.046	56.9%	

TOP TEN DEPARTMENTS (in terms of budget allocations)

January 1- June 30, 2017

(amounts in billions)

Particulars	Total Available Appropriations	Allotments	Obligations	Unobligated Allotments	Obligation Rate	Disbursement Rate
DOH	111.266	100.487	45.880	54.608	45.7%	19.4%
Current Year Budget	99.914	89.135	40.949	48.185	45.9%	
Continuing	11.353	11.353	4.930	6.422	43.4%	
SUCs	67.234	60.003	23.721	36.282	39.5%	81.9%
Current Year Budget	62.126	55.277	21.831	33.446	39.5%	
Continuing	5.108	4.726	1.890	2.836	40.0%	
DOTr	76.542	75.085	13.539	61.546	18.0%	78.1%
Current Year Budget	56.287	55.016	11.331	43.685	20.6%	
Continuing	20.255	20.070	2.208	17.862	11.0%	
DA	50.079	49.998	27.985	22.013	56.0%	39.2%
Current Year Budget	39.655	39.577	23.133	16.445	58.4%	
Continuing	10.424	10.420	4.852	5.568	46.6%	
ARMM	37.142	35.791	-	35.791	0.0%	
Current Year Budget	34.106	32.755	-	32.755	0.0%	
Continuing	3.036	3.036	-	3.036	0.0%	

2017 3rd Quarterly Seminar & Meeting / October 4-7, 2017
 Citystate Asturias Hotel, Puerto Princesa City, Palawan

NG DISBURSEMENTS, As of June 2017

(in billions)

Disbursements for the first semester of 2017 grew by 9.0 percent. Underspensing for the period was down to P5.9 billion or 0.4 percent of the first semester program.

PARTICULARS	First Semester			Variance		Increase/(Decrease)	
	2016 Actual*	2017		Amount	Percent	Amount	Percent
		Program	Actual				
CURRENT OPERATING EXP.	910.5	1,013.1	1,001.4	(11.7)	(1.2)	90.9	10.0
Personnel Services	339.0	401.7	383.4	(18.3)	(4.6)	44.4	13.1
Maintenance and Other Operating Exp.	204.5	215.9	208.2	(7.6)	(3.5)	3.7	1.8
Subsidy	36.6	26.7	58.2	31.6	118.3	21.6	59.1
Allotment to LGUs	171.3	196.4	195.2	(1.1)	(0.6)	23.9	13.9
Interest Payments	153.7	163.5	151.6	(11.9)	(7.3)	(2.1)	(1.4)
Tax Expenditure	5.3	9.0	4.7	(4.3)	(47.5)	(0.6)	(11.4)
CAPITAL OUTLAYS	306.7	311.1	330.8	19.7	6.3	24.1	7.9
Infrastructure/Other Capital Outlays	229.0	236.6	249.1	12.5	5.3	20.1	8.8
Equity	8.4	2.3	3.2	0.9	39.9	(5.2)	(61.7)
Capital Transfers to LGUs	69.3	72.2	78.4	6.3	8.7	9.2	13.2
NET LENDING	4.1	12.5	(1.3)	(13.9)	(110.6)	(5.4)	(132.5)
GRAND TOTAL	1,221.3	1,336.8	1,330.8	(5.9)	(0.4)	109.6	9.0
<i>Memo items:</i>							
Revenues	1,101.0	1,192.9	1,176.4	(16.6)	(1.4)	75.4	6.8
Surplus/(Deficit)	120.3	143.8	154.5	10.7	7.4	34.2	28.4

*The Local Government Support Fund was reclassified under to Capital Transfers to LGUs. This was previously treated as part of NG MOOF





Thank You!!!

2017 3rd Quarterly Seminar & Meeting / October 4-7, 2017
Citystate Asturias Hotel, Puerto Princesa City, Palawan