



THE FY 2027 NATIONAL BUDGET CALL

Strategic Priorities, Fiscal Discipline, and Strengthened Regional Participation

OUTLINE OF PRESENTATION



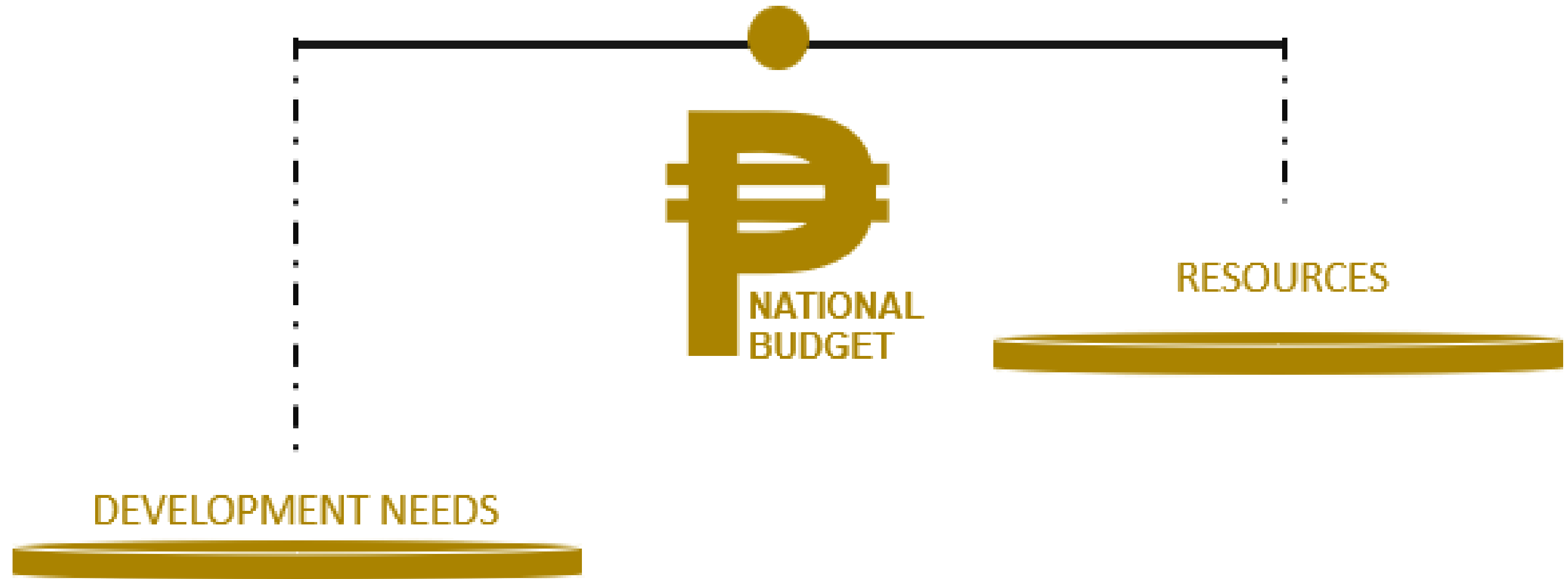
- ✓ Overview of the Public Financial Management (PFM) Framework
- ✓ Guidelines on the Formulation of Tier 1 and Tier 2 Budget
- ✓ Program Convergence Program (PCB)
- ✓ Regional Coordination Councils (RDC) process during Budget Preparation
- ✓ Submission Requirements and Budget Preparation Calendar



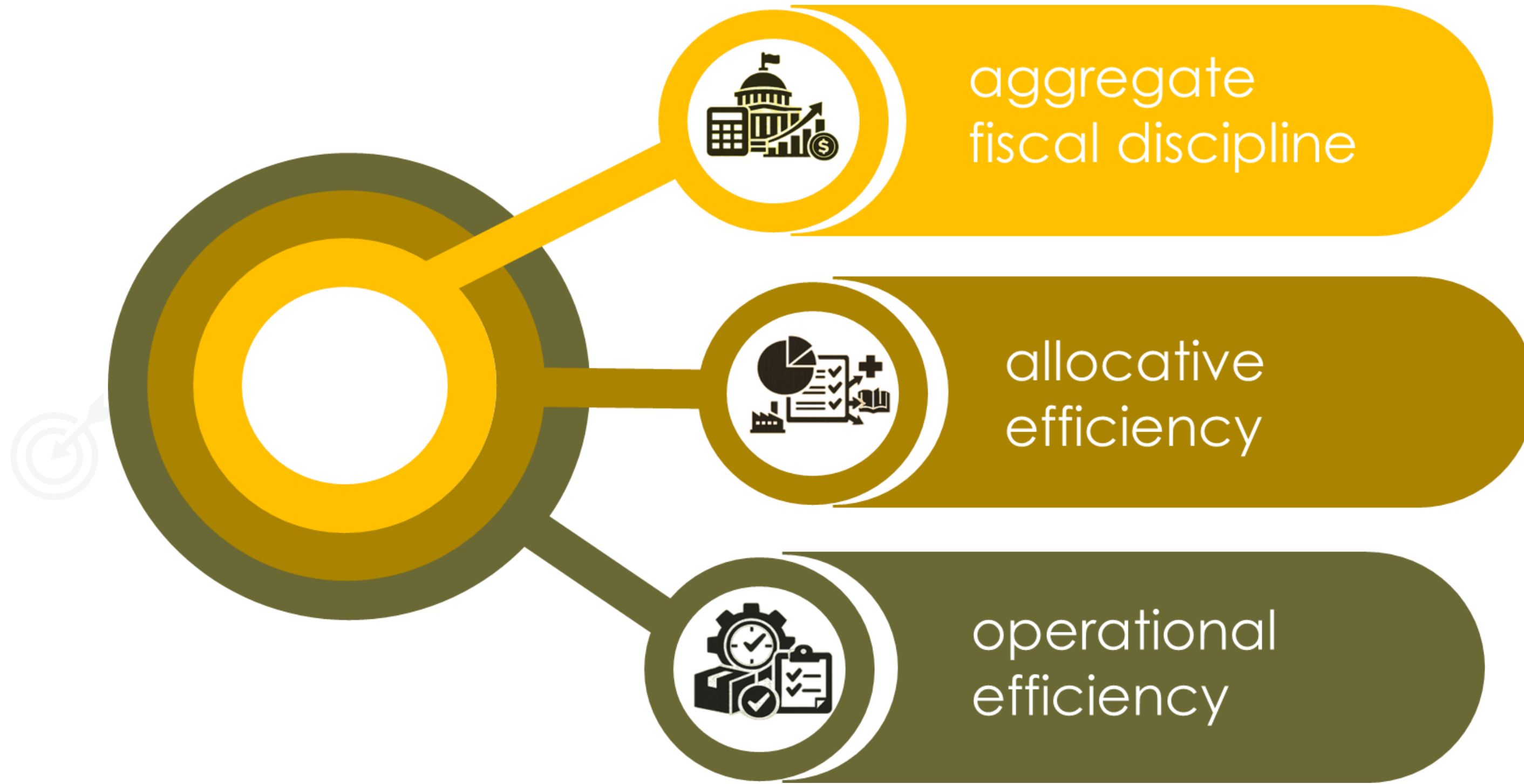
OVERVIEW OF THE PUBLIC FINANCIAL MANAGEMENT (PFM) FRAMEWORK



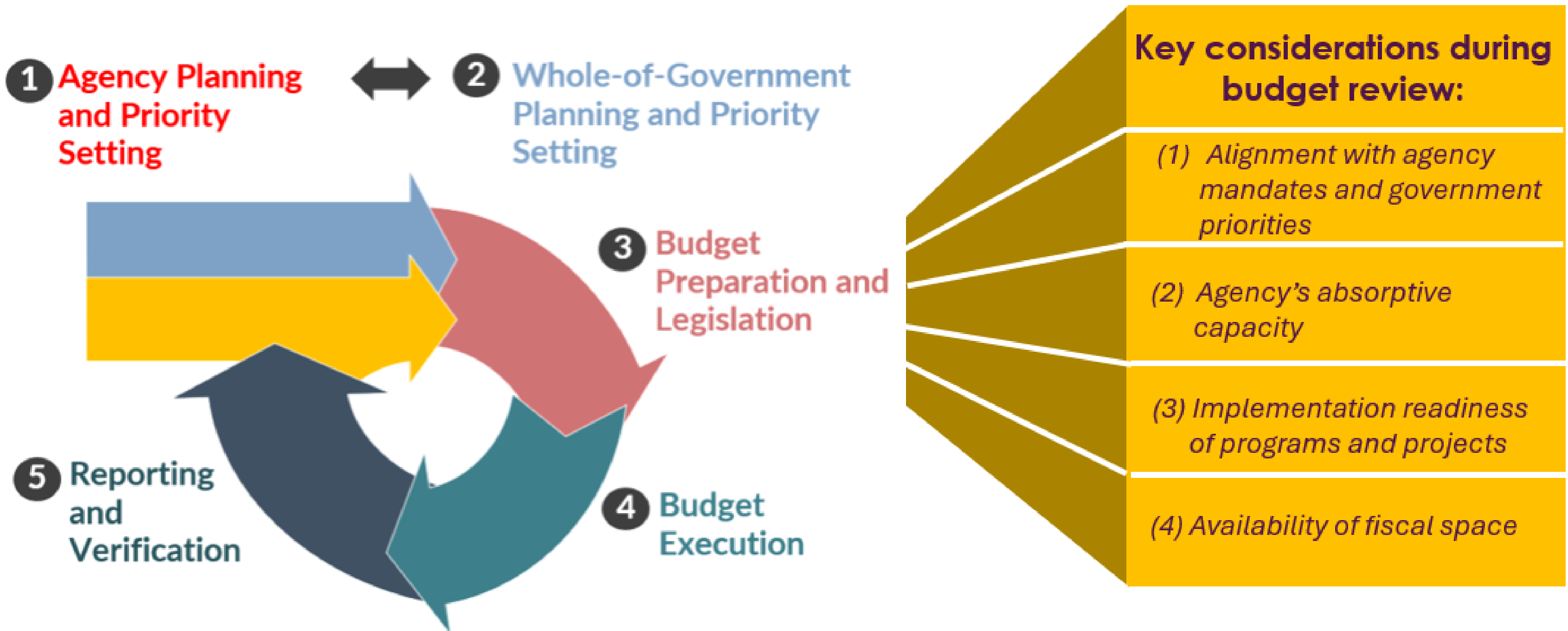
THE CHALLENGE



DESIRABLE OUTCOME OF THE BUDGET



THE PFM CYCLE



MEDIUM-TERM FISCAL FRAMEWORK 2022-2030

ORIGINAL TARGETS ^{1/}	REVISED TARGETS ^{2/}
6.5 to 7.5% real GDP growth in 2022	-
6.5 to 8.0% real GDP growth annually between 2023 to 2028	5.5 to 6.5% in 2025 6.0 to 7.0% from 2026 to 2030
9.0% (i.e., single digit) poverty rate by 2028	-same-
3.0% NG deficit-to-GDP ratio by 2028	3.1% NG deficit-to-GDP ratio by 2030
Less than 60.0% NG debt-to-GDP ratio by 2025	Less than 60.0% NG debt-to-GDP ratio by 2029
At least US\$4,256 GNI per capita (attainment of UMIC status)	At least US\$4,496 GNI per capita (attainment of UMIC status) ^{3/}

- Since its implementation in 2022, **MTFF helped the country achieve macroeconomic stability, a robust and regionally competitive economy, and improved fiscal health**
- **Unforeseen headwinds warranted updating of MTFF** to ensure that it remains realistic and supportive of growth
- **The Philippines remains on a steady path towards achieving its macro-fiscal targets in the original MTFF by 2030**

1/ Adopted by Congress through Concurrent Resolution No. 4 dated September 19, 2022

2/ Medium-Term Fiscal Framework 2022-2030 Midterm Update published on October 2025

3/ Based on the minimum income threshold for upper-middle income countries using the World Bank Group's updated country income classifications for Fiscal Year 2026 (July 1, 2025 – June 2026)



THE EXPENDITURE MANAGEMENT FRAMEWORK

Philippine Development Plan Midterm Update 2023-2028

serves as a roadmap leading toward achieving the Agenda for Prosperity in the Bagong Pilipinas

Medium-Term Fiscal Framework 2022-2030 Midterm Update

reflects the governments commitment to prudent fiscal programming, sound fiscal management

Build Better More Program

commitment to infrastructure development

Digitalization efforts

promote a more transparent, accountable, and efficient bureaucracy

Harmonization of Regional Plans with National Priorities

enhance planning and budgeting linkages to achieve equitable regional investment opportunities and growth

LGU capacity-building programs

enable LGUs to assume devolved functions

Implementation of EO 103 s. 2025

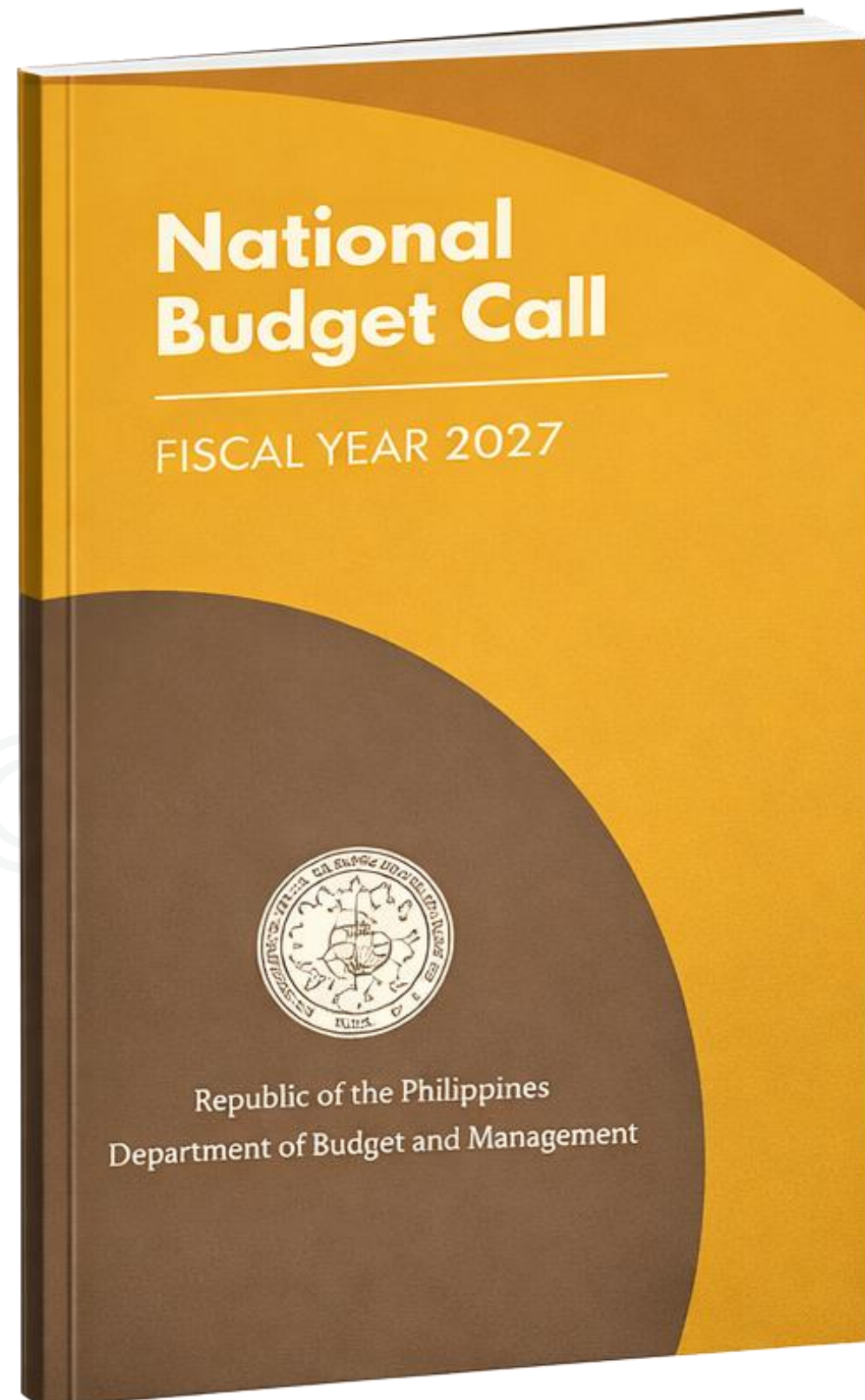
LGUs are recognized as the primary providers of direct service delivery to their constituents



GUIDELINES IN THE PREPARATION OF TIER 1 AND TIER 2 BUDGET



THE NATIONAL BUDGET CALL



Contains the **parameters and procedures** that guide agencies in preparing their proposed budgets;



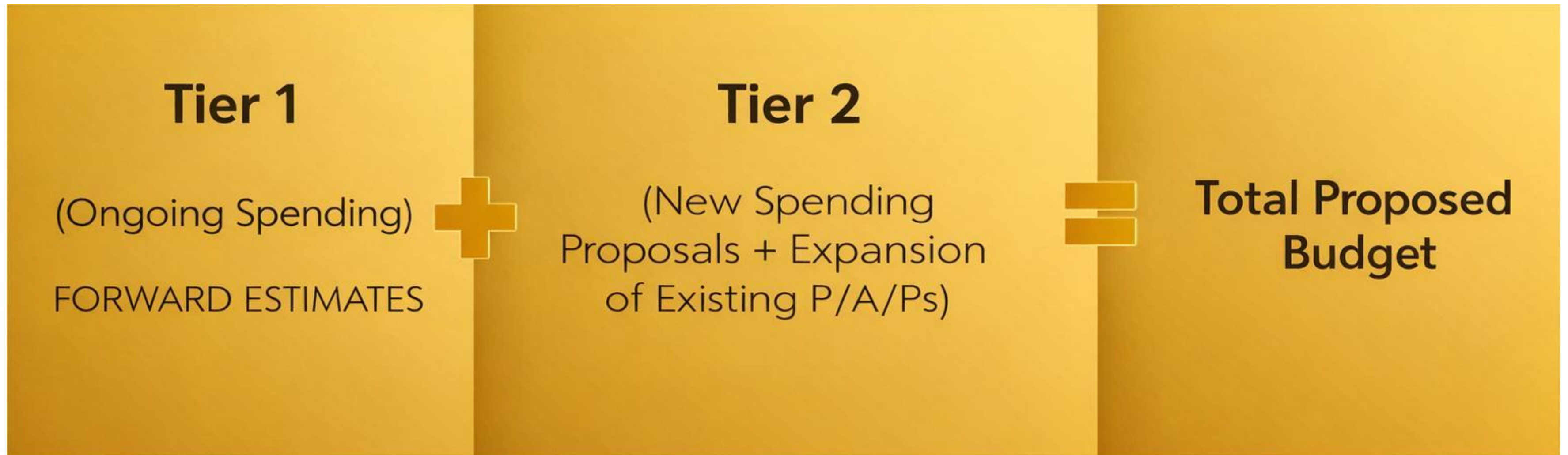
Provides the **prescribed forms and technical instructions** in accomplishing the forms relative to the formulation of budget proposals; and



Includes the **schedule of activities** that will be undertaken leading to the submission of the Budget Documents.



THE TWO TIER BUDGETING APPROACH (2TBA)



OBJECTIVES OF THE 2TBA



Streamlines Process

Provides a more transparent framework for budget preparation



Enhances Accountability

Improves departments' and agencies' budget programming and execution of existing programs



Sets Strategic Direction

Engages President and Cabinet in distributing unallocated fiscal space



**EXPENDITURE PROGRAM
LESS: TIER 1 FEs**

FISCAL SPACE



TIER 1 – PERSONNEL SERVICES (PS)



Agencies with Fiscal Autonomy

- Salaries of all **filled and unfilled** positions
- Based on the **fourth tranche** of updated salary schedule (EO No. 64, s. 2024)
- GMIS Data as of Dec. 31, 2025



Other Agencies

- Salaries of all **filled** positions
- Based on the **fourth tranche** of updated salary schedule (EO No. 64, s. 2024)
- GMIS Data as of Dec. 31, 2025



Other Standard Allowances and Benefits

For All Agencies: PERA, Uniform Allowance, Mid-Year and Year-End Bonuses, Medical Allowance, PEI, RATA

Additional benefits for Specific Groups: Military, Uniformed, and Foreign Service Personnel

TIER 1 – PERSONNEL SERVICES (PS)

Lodged under MPBF



- 30% of the PS cost of **unfilled civilian positions**, except those provided otherwise

Lodged under PGF



- Pension payments for **existing retirees** as of December 31, 2025 for MUP positions and agencies covered by special laws, i.e., NLRC, PRC, DENR-NAMRIA, ERC, DOJ-NPS, LRA, OGCC, OSG and PAO



TIER 1 – MAINTENANCE AND OTHER OPERATING EXP (MOOE)



Ongoing PAPs

Funding for ongoing PAPs, including:

- MITHI Steering Committee (MSC)-endorsed ICT projects
- Quality initiatives such as ISO 9001:2015 QMS certification and/or the Philippine Quality Award (PQA).

Regular and recurring services covered by contracts or MYCA, including the renewal of services



Cost to Operate

Reasonable costs needed to ensure the operation of newly-completed facilities and camps/bases, and newly-established campuses created or recognized by law, **as of December 2025 but not provided in the FY 2026 budget**

Office accommodation and equipment for newly approved filled positions

NEW: Education Sector

Funding for Free Higher Education (SUCs/LUCs) and Free TVET (TESDA) **based on PROJECTED ENROLLMENT.**



TIER 1 – CAPITAL OUTLAY



Ongoing PAPs

- **Cost of ongoing infrastructure and non-infrastructure capital outlays, including:**
 - MITHI Steering Committee (MSC) -endorsed ICT projects
 - Approved projects covered by MYCA, subject to revision reflect the cash requirements
- **Replacement of motor vehicles** for the same purpose and/or intended user that will reach their end-of-productive/useful/economic life by FY 2027 per DBM-established guidelines.
- **Replacement of unserviceable Equipment, Furniture and Fixtures**, supported with an inventory of equipment, market study, proof of disposal and indicative annual procurement plan.



Cost to Operate

- **Basic Capital Outlay requirements of newly completed facilities, camps/bases, buildings, and newly approved filled positions as of December 31, 2025, but not provided in the FY 2026 budget.**



TIER 2 – PERSONNEL SERVICES (PS)

New Retirees for CFAG

Pension payments
for new retirees
after Dec 31,
2025, subject to
BP Form 205.



Additional Non- Permanent Positions

Funding for extra
manpower supporting
ongoing or expanded
programs (with BP
Form 204)

MPBF

Proposed new
positions &
staffing
modifications



PGF

Covers retirement and
separation benefits,
including pensions for
new retirees, leave
monetization.



TIER 2 – MAINTENANCE AND OTHER OPERATING EXP (MOOE)

New/Expanded PAPs

Funding for new or expanded PAPs, including:

- PAPs identified under the PDP and the BPF
- MOOE costs to implement changes in org structure
- New ICT PAPs endorsed by the MSC
- New and/or ongoing major capital projects (with changes as to cost, implementation schedule), as approved by the ED council or the ICC-Cabinet Committee as of March 31, 2026

Government Optimization

For government agencies covered by RA No. 12231 or the **Government Optimization Act**, resources required for the conduct of organizational review and study, and preparation of Optimization Plan as requisites for optimization.

TIER 2 - CAPITAL OUTLAY



New/Expanded PAPs

- **Proposed new infrastructure projects** included in the **Public Investment Program (PIP) 2023–2028** and **Three-Year Rolling Infra Program (TRIP) FYs 2027–2029**
- **New major capital projects** as approved by the ED Council and/or ICC–Cabinet Committee as of March 31, 2026.
- **Additional electric vehicles** for entitled officials
- **New ICT PAPs** endorsed by the MSC



NEW PROVISION FOR PS, MOOE, AND CO (TIER 1 AND TIER 2)

Funding requirements for eligible P/A/Ps, consistent with the agency's mandate under its applicable law, to be charged against the **fund balances of the SAGF as of December 31, 2025, less FY 2026 estimated expenditures.**

Any additional funding requests that cannot be covered by said balances may be considered under the new general appropriations subject to existing budgeting policies, and guidelines



PROGRAM CONVERGENCE BUDGET (PCB)



PROGRAM CONVERGENCE BUDGET (PCB)

An approach that aims to focus government resources on key programs and projects which shall be coordinated in a holistic approach across Departments/Agencies working towards the same goals.

It should be noted that while the PCB does not provide or guarantee additional budgetary allocation, its integrated approach of identifying key needs and priorities is considered evidence of well-planned proposal. Thus, the DBM favorably considers programs/activities/projects (PAPs) of PCB Programs in its review of budget proposals.



PCB IS ALIGNED WITH DEVELOPMENT OBJECTIVES

- The PCB is **supportive** of the PDP's goal of a coordinated, whole-of-government and society approach to **achieve national outcomes**.
- The PCB is **aligned** with the Administration's goals of **streamlining, as well as optimizing fiscal resources**.



PCB PROGRAMS



National Program on Population and Family Planning



Zero Hunger Program



Philippine Anti-Illegal Drugs Strategy



Justice Sector Convergence Program



PAYAPA at MASAGANANG PAMAYANAN (PAMANA) Peace and Security Convergence Program



Tourism Development Program



Agricultural Development Program



Pasig River Urban Development Program



Export Development Program



Risk Resiliency Program



PCB on Livelihood and Employment



Water Resources Program



PCB on Sustainable Development Goals



PCB for Public Financial Management Systems



Building Early Growth through Integrated Nurturing (BEGIN) Program



Republic of the Philippines
DEPARTMENT OF BUDGET AND MANAGEMENT

DBM-NEDA JMC No. 2025-1

Strengthening the PCB Approach and Creation of the PCB Steering Committee



DEPARTMENT OF BUDGET AND MANAGEMENT (DBM)
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY (NEDA)

JOINT MEMORANDUM CIRCULAR No. 2025- 1
March 6, 2025

TO : All Heads of Departments, Bureaus, Offices, and Other Agencies of the National Government (NG), including State Universities and Colleges (SUCs), Government-Owned or -Controlled Corporations (GOCCs), the Judiciary, and Constitutional Commissions, and All Others Concerned

SUBJECT : **STRENGTHENING THE PROGRAM CONVERGENCE BUDGETING (PCB) APPROACH AND CREATION OF THE PCB STEERING COMMITTEE (PCB-SC)**

1.0 BACKGROUND

The Program Convergence Budgeting (PCB) is a budgeting approach that aims to focus government resources on key programs and projects which are coordinated in a holistic approach across Departments/Agencies working towards the same goals. It is among the identified government reforms for greater budget transparency, openness, accountability, and reliability since Fiscal Year (FY) 2013¹.

The JMC is being issued to:

- **Direct lead and participating Departments/Agencies** to establish and/or develop mechanisms towards a more effective and efficient implementation of existing and prospective PCB programs; and
- **Establish an oversight body** that will ensure the harmonized, coordinated, complementary, and synergized implementation of the PCB approach across all Departments/Agencies.



Salient Features of the DBM-NEDA JMC No. 2025-1

Creation of the PCB Steering Committee (PCB-SC)



Chairperson
Secretary, DEPED



Co-Chairperson
Secretary, DBM

Budget Preparation: Roles and Responsibilities

The lead agency shall:

- **Convene meetings** with participating agencies
- **Evaluate** funding proposals and corresponding targets
- **Prepare and submit a consolidated report** detailing convergence programs by agency together with the funding requirements
- **Present** the consolidated budget proposal to the DBM **at the TBH**



Budget Preparation: Roles and Responsibilities

Participating agencies shall:

- **Attend meetings** of their respective convergence programs and projects to **provide support to the PCB lead agencies** by addressing relevant questions and concerns
- **Submit to the PCB lead agencies their respective targets and funding requirements**, corresponding to their contributions on achieving the overall objectives of the PCB program



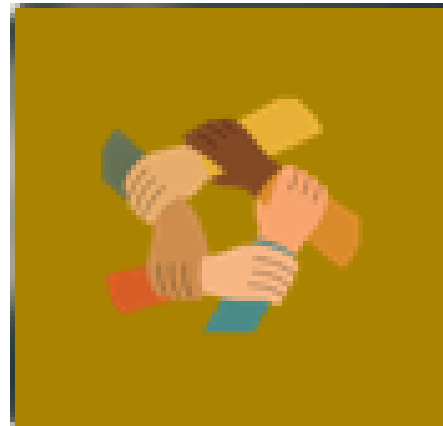
REGIONAL DEVELOPMENT COUNCILS (RDC) PROCESS DURING BUDGET PREPARATION



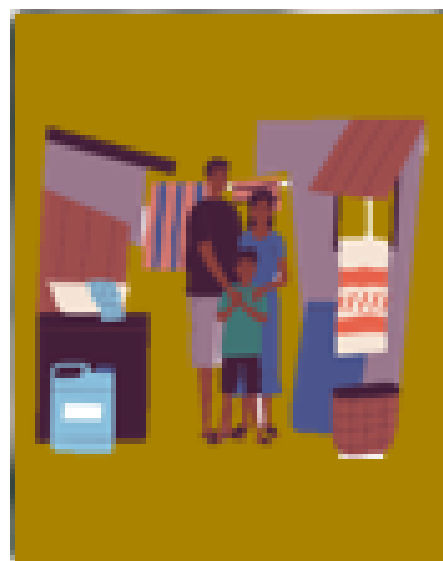
STRENGTHENING RDC PARTICIPATION IN ALIGNING NATIONAL AND REGIONAL PRIORITIES



Intensify efforts to align regional plans with national priorities



Promote inclusive growth and equitable regional investment opportunities



Provide funding support to agencies' regional programs responsive to the needs of the poorest, disadvantaged, and lagging LGUs



REGIONAL DEVELOPMENT COUNCILS

RDCs serve as the institutional venue for aligning local and regional development priorities with national development directions



Image from the Philippine NWA Agency



Image from inquirer.net

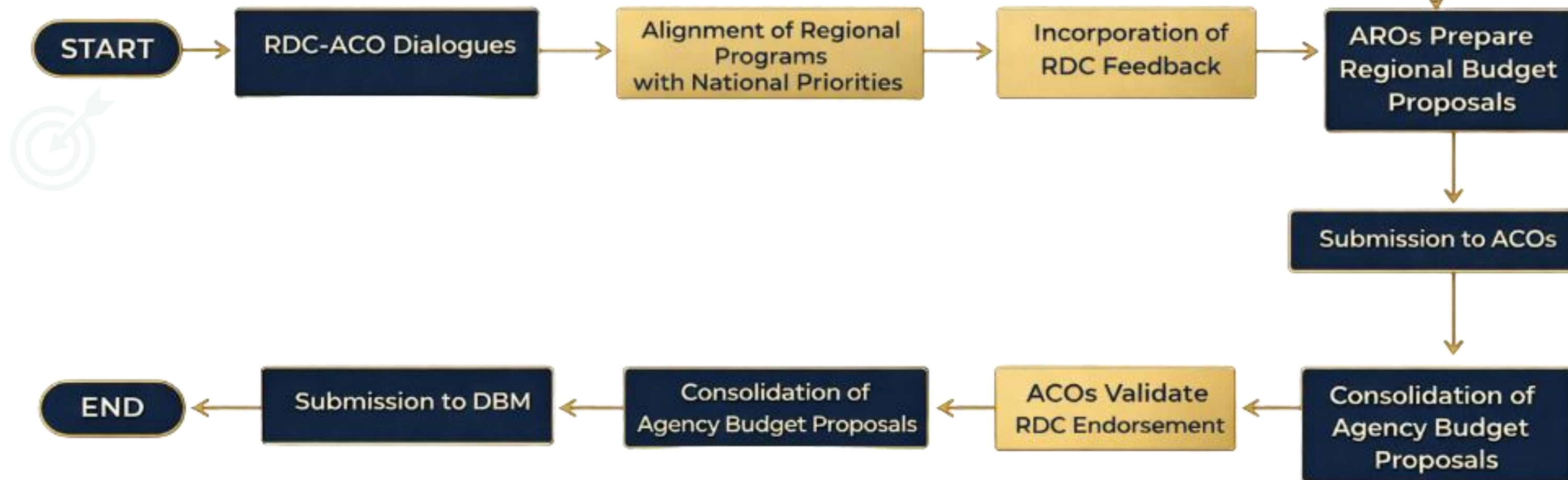
Ensures consistency and coherence between local development priorities and national sectoral and investment priorities



FROM RDC ENDORSEMENT TO AGENCY BUDGET PROPOSALS

Note:

- Sectoral Committee Reviews (February–March)
- Regional Budget Review Committee Deliberations (March–April)
- RDC Full Council Endorsement (April–May)



SUBMISSION REQUIREMENTS



GENERAL SUBMISSION REQUIREMENTS

1



Annex B

2



OSBP v2.0

All BP Forms submitted through OSBP System v2.0 **must be:**



Printed in **two (2) sets**, duly signed and endorsed by the Department Secretary or the Head of the Agency/SUC and submitted to DBM

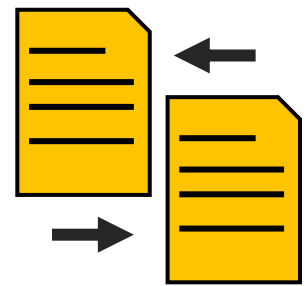
SUBMIT



Officially submitted **with "Submitted" status**



GENERAL SUBMISSION REQUIREMENTS



Hard copies submitted must contain **exact information** as encoded in the OSBP System v2.0

In case of **discrepancies in the data**, the encoded soft copy by authorized agency representatives shall prevail and will be considered the official submission.



NEW

GENERAL SUBMISSION REQUIREMENTS

For infrastructure agencies:

- ✓ Tier 1 must already be supported by a list of projects.
- ✓ For Tier 2, failure to comply with the submission of complete and accurate set of BP Forms and supporting documents will automatically limit the budgetary allocation/ceiling to Tier 1 levels only.



SPECIFIC SUBMISSION REQUIREMENTS

Department or agencies:

- 1 Operating on an academic year basis
- 2 With budget proposals involving specific concerns and subject to endorsement
- 3 With P/A/Ps which form part of convergence programs and projects
- 4 With ICT- Related Proposals
- 5 Mandated to oversee maritime education, training, and certification
- 6 With detailed project listings
- 7 Covered by the Philippine Government Asset Management Policy (PGAMP)
- 8 Tagging Activities
- 9 With budget proposals for P/A/Ps related to frontline services



SPECIFIC SUBMISSION REQUIREMENTS

1. Department/agencies operating on an academic year basis



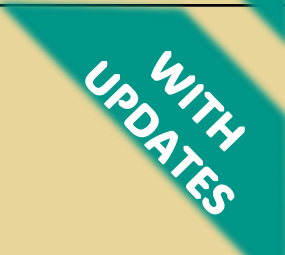
- ✓ Budget proposals should **cover those activities to be implemented within the Calendar Year (CY) 2027** instead of the academic year



SPECIFIC SUBMISSION REQUIREMENTS

2. Agencies with budget proposals involving specific concerns and subject to endorsement




The list is generally the same as those in the FY 2026 Budget Call, except for the following:

Endorsing Entity	Subject of Endorsement
RDCs 	Regional Budget Proposals for priority programs and projects in the regions
OEO-CHED 	SUCs Funding Proposals
DEPDev-PSA 	Systems of Designated Statistics pursuant to E.O. No. 352



SPECIFIC SUBMISSION REQUIREMENTS

2. Agencies with budget proposals involving specific concerns and subject to endorsement *(cont.)*

Endorsing Entity	Subject of Endorsement
InfraCom 	Master plans of national scope for the infrastructure sector and its sub-sectors, including those that are interregional in scope or that naturally traverse regional boundaries
DENR – RBCO 	All relevant and related river basin initiatives, such as but not limited to river basin infrastructure development projects, flood control, environmental protection and integrated water resources management
DENR – WRMO 	Consistency of DPWH flood control projects with the integrated water resource management



SPECIFIC SUBMISSION REQUIREMENTS

3. Agencies with P/A/Ps which form part of convergence programs and projects

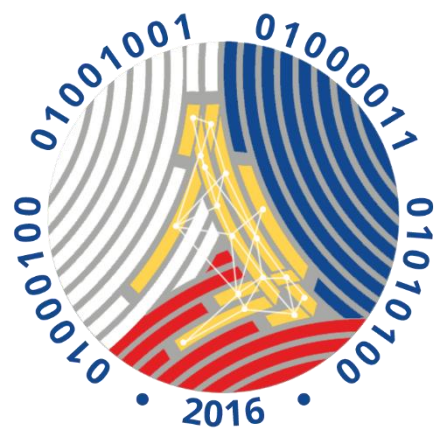
- ✓ Budget proposals shall be limited only to the specific priority programs and projects duly coordinated with Program Convergence Budgeting (PCB) lead agencies.
- ✓ PCB lead agencies shall ensure proper coordination with participating agencies to determine the contribution of each agency to the attainment of the targets of a PCB program.



SPECIFIC SUBMISSION REQUIREMENTS

4. Department/agencies with ICT-related proposals

- ✓ Ongoing ICT P/A/Ps supported by the [agency's] Medium-Term Information and Communication Technology Harmonization Initiative (MITHI)-endorsed ISSP, consistent with the guidelines to be issued by the MITHI Steering Committee (MSC)



Republic of the Philippines

DEPARTMENT OF BUDGET AND MANAGEMENT

SPECIFIC SUBMISSION REQUIREMENTS

5. Departments mandated to oversee maritime education, training, and certification

- ✓ Budget proposals shall be supported by detailed interventions aimed at addressing the issues and findings from the European Maritime Safety Agency Audit



Republic of the Philippines

DEPARTMENT OF BUDGET AND MANAGEMENT

SPECIFIC SUBMISSION REQUIREMENTS

6. Departments with detailed project listings

- ✓ For proposed new projects, shall adopt a uniform format/template in specifying the title of the projects, in coordination with DBM counterparts



SPECIFIC SUBMISSION REQUIREMENTS

NEW

7. Departments covered by the Philippine Government Asset Management Policy (PGAMP)

- ✓ The PGAMP aims to operationalize an asset management system for all critical and strategically important non-financial assets of the government to increase efficiency, improve decision-making, manage risks better, and reduce costs in government.
- ✓ The pilot and second batch of agencies are required to formulate their respective **Agency Asset Management Plan (AAMP)**, which will serve as **supporting document to justify the funding requirements for critical assets** in the agency's budget proposals.



SPECIFIC SUBMISSION REQUIREMENTS

NEW

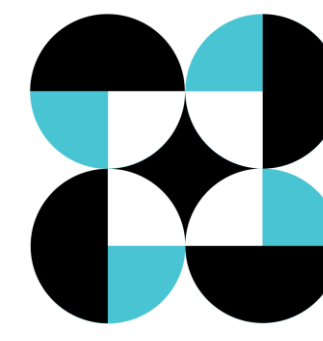
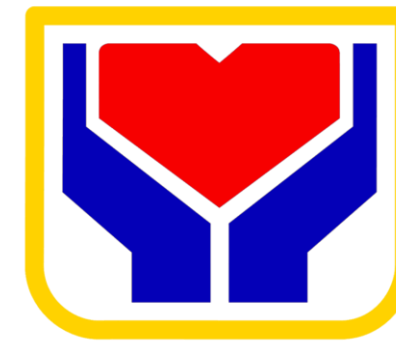
7. Departments covered by the Philippine Government Asset Management Policy (PGAMP)

Pilot Agencies



TO RESUBMIT

Second Batch of Agencies



SPECIFIC SUBMISSION REQUIREMENTS

8. Tagging Activities

- ✓ Agencies are reminded to tag the following activities in the OSBP System v2.0
 - Classification of Functions of Government (COFOG)
 - Budgets for Climate Change



SPECIFIC SUBMISSION REQUIREMENTS

9. Agencies with budget proposals for P/A/Ps related to frontline services

- ✓ To **enhance citizen participation** in the budget process, agencies with budget proposals for P/A/Ps related to frontline services, or that involve CSOs and/or citizens as co-implementers or beneficiaries, shall furnish their partner or participating CSOs with a copy of **BP Form D** as submitted to DBM



BUDGET CALENDAR



Republic of the Philippines

DEPARTMENT OF BUDGET AND MANAGEMENT

FY 2027 BUDGET PREPARATION CALENDAR

January 5

Issuance of FY 2027 Budget Call



January 28-29

Conduct of Budget Forum for DBM, NGAs, and GOCCs



February

Stakeholder engagement/consultations



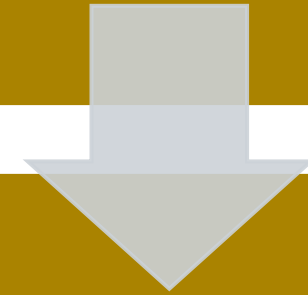
Republic of the Philippines

DEPARTMENT OF BUDGET AND MANAGEMENT

FY 2027 BUDGET PREPARATION CALENDAR

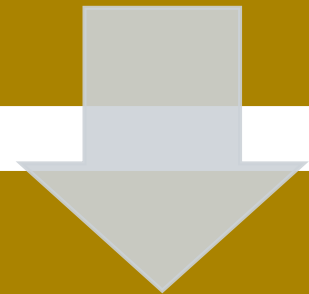
January 25 to April 30

Encoding and submission (thru OSBPS) of *(i)* Past Year's Actual Obligations and *(ii)* FY 2025 - 2029 Revenue Program



3rd to 4th week of March

Issuance of NBM for Budget Priorities Framework



March 6 to April 24

Encoding and submission of Budget Proposals (thru OSBPS), Details of Tier 1 and Tier 2



FY 2027 BUDGET PREPARATION CALENDAR

March 6 to April 28

Submission of signed hard copies of Budget Proposals



April 20 to May 4

Conduct of Technical Budget Hearings for Tier 2 Proposals, including PCB



June 1 to 15

Conduct of Executive Review Board (ERB) Hearings



FY 2027 BUDGET PREPARATION CALENDAR

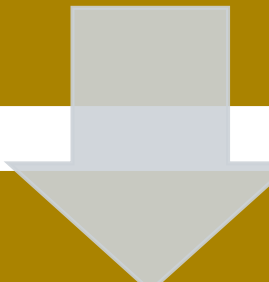
June 30

Sending of Confirmation Letters to Agencies of the Total Budget Levels (Tiers 1 and 2)



July 10, 13 or 14

Presentation to the President and the Cabinet of the Proposed Budget Levels of Department/Agency/Special Purpose Funds



July 13 to 25

Finalization of NEP, BESF Tables, Staffing Summary, President's Budget Message



FY 2027 BUDGET PREPARATION CALENDAR

July 20 to August 8

Printing of the Budget Documents



August 12

Submission of the Budget Documents to the President



August 14, 2026

Submission of the President's Budget to Congress



FY 2027 BUDGET PREPARATION CALENDAR

KEY DEADLINES:



APRIL

24

- ✓ Encoding and submission of Budget Proposals (**ALL BP Forms**), Details of Tier 1 and Tier 2, thru OSBP v2.0
- ✓ Officially submitted **with** **“Submitted” status**



FY 2027 BUDGET PREPARATION CALENDAR

KEY DEADLINES:



- ✓ **Encoding and submission (thru OSBPS) of:**
 - **Past Year's Actual Obligations**
 - **FY 2023 - 2027 Revenue Program**



FY 2027 BUDGET PREPARATION CALENDAR



**NO EXTENSION
OF DEADLINES**





*“May kwento,
sa bawat kwenta.”*



Republic of the Philippines
Department of Budget and Management

Thank you!



Republic of the Philippines
DEPARTMENT OF BUDGET AND MANAGEMENT