

BRIEFER ON THE 2018 BUDGET PRIORITIES FRAMEWORK

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THE BUDGET AND THE ECONOMY

The government's spending level for 2018 is based on the following macroeconomic assumptions:

| | 2018 | 2019 | 2020 |
|--|---------|---------|---------|
| Real Gross Domestic Product (GDP) Growth (%) | 7.0-8.0 | 7.0-8.0 | 7.0-8.0 |
| Inflation (%) | 2.0-4.0 | 2.0-4.0 | 2.0-4.0 |
| 364-day Treasury Bill Rate (%) | 2.5-4.0 | 2.5-4.0 | 2.5-4.0 |
| Foreign Exchange (PHP/US\$) | 48-50 | 48-50 | 48-50 |
| London Interbank Offered Rates (LIBOR), 6 months (%) | 1.5-2.5 | 1.5-2.5 | 1.5-2.5 |
| Exports (%) | 5.0 | 7.0 | 9.0 |
| Imports (%) | 10.0 | 10.5 | 11.0 |

Supported by strong macroeconomic fundamentals, the government's fiscal strategy is centered on:

- Raising revenue effort and deficit level to increase available resources for priority programs and projects;
- Keeping debt at a manageable level; and
- Improving absorptive capacity of the implementing agencies.

FISCAL PROGRAM

| | 2018 | 2019 | 2020 |
|-------------------|--------------------------|--------------------------|--------------------------|
| REVENUES | PHP2,913.4B | PHP3,258.4B | PHP3,594.4B |
| DISBURSEMENTS | PHP3,445.9B | PHP3,841.3B | PHP4,236.2B |
| FISCAL DEFICIT | PHP532.5B 3.0% of GDP | PHP582.9B 3.0% of GDP | PHP641.8B 3.0% of GDP |
| OBLIGATION BUDGET | PHP3,840.0B | PHP4,226.9B | PHP4,632.1B |

Increasing Growth Potential “PATULOY NA PAG-UNLAD”



Accelerate growth by graduating to a knowledge economy



Advance Science, Technology, and Innovation

- Develop human resources in S&T
- Increase investments in start-ups, MSMEs, and spin-offs
- Enhance STI infrastructures
- Strengthen local and international collaboration

Maintaining the Foundations for Sustainable Development



The physical environment is characterized by a balanced and strategic development of infrastructure, while ensuring ecological integrity and a clean and healthy environment.



Accelerate Implementation of Strategic Infrastructure

- Fast-track roll out of information and communications technology (ICT) and broadband deployment in far-flung areas
- Foster market competition by adopting open access in various network segments



Pursue Just and Lasting Peace

- Intensify development efforts and other peace-building initiatives in conflict-affected and conflict-vulnerable areas
- Continually work for negotiation and implementation of peace agreements with all internal armed conflict groups
- Improve the PAMANA Program



Ensure Security, Public Order and Safety

- Maintain credible defense posture with AFP Modernization Program, and continually pursue and sustain Philippine Coast Guard Modernization Program
- Intensify Philippine National Police's law enforcement operations
- Adopt two-pronged strategy of national anti-illegal drug campaign



Ensure Ecological Integrity, Clean, and Healthy Environment

- Intensify sustainable management of natural resources
- Strengthen implementation of climate change adaptation and disaster risk reduction

EXPENDITURE DIRECTIONS

For FY 2018, the National Budget will grow by 14.6 percent, from PHP3.350 trillion in 2017 to PHP3.840 trillion, to advance the Duterte Administration's 0+10 Socioeconomic Agenda as envisioned in the 2017-2022 Philippine Development Plan (PDP).

It will support the following pillars reflected in the PDP:

Enhancing the Social Fabric “MALASAKIT”



Restore people's trust in public institutions and nurture trust in fellow Filipinos.



Ensure People-centered, Clean, and Efficient Governance

- Intensify anti-corruption campaigns
- Streamline key processes in the delivery of public goods and services
- Enhance citizen engagement and empowerment programs
- Strengthen the civil service



Pursue Swift and Fair Administration of Justice

- Shift in administration of justice from traditional institutions-based to sector-based approach
- Establish a unified corrections framework and systems covering custody, rehabilitation and social reintegration



Promote Philippine Culture and Values

- Raise cultural awareness
- Integrate cultural education and values formation in the basic, technical, vocational and higher education systems
- Promote co-use of existing government broadband-ready assets

Inequality Reducing Transformation “PAGBABAGO”



Enable ordinary Filipinos to feel real change.



Expand Economic Opportunities in Agriculture, Forestry, and Fisheries

- Use integrated color-coded agriculture map based on crop sustainability
- Improve agriculture infrastructure and facilities
- Increase investments in research and development
- Reduce the vulnerability of the sector to climate/disaster risk
- Increase the access of farmers and fisherfolks to agriculture insurance through better information-education campaigns
- Ensure and protect land tenure and security



Expand Economic Opportunities in Industry and Services

- Simplify the rules and regulations on business registration and licensing
- Strengthen industry-academe linkages
- Market and promote Philippine goods and services
- Address infrastructure gaps of the identified priority tourism development areas



Accelerate Human Capital Development

- Lower the prevalence of stunting and wasting children
- Raise the utilization of health insurance
- Pursue full implementation of K to 12 Program
- Provide access to globally competitive and relevant TVET opportunities
- Improve skills-job matching
- Provide greater access to opportunities for skills development and retooling



Reduce Vulnerability of Individuals and Families

- Implement the convergence approach in assisting vulnerable groups to be self-sufficient and self-reliant
- Enhance the Conditional Cash Transfer Program
- Intensify social protection programs for overseas Filipinos and their families



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Sources of Data:
National Budget Memorandum No. 128
Philippine Development Plan 2017-2022