

BRIEFER ON THE 2019 Budget Priorities Framework



THE MACROECONOMIC CONTEXT FOR THE 2019 BUDGET

The proposed FY 2019 Budget will be based on the following macroeconomic assumptions:

	2019	2020	2021	2022
Real Gross Domestic Product (GDP) Growth (%)	7.0-8.0	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	2.0-4.0
364-Day T-Bill Rate (%)	2.5-4.0	2.5-4.0	2.5-4.0	2.5-4.0
Foreign Exchange (PhP/US\$)	49-52	49-52	49-52	49-52
London Interbank Offered Rate (LIBOR), 6 months (%)	2.0-3.0	2.0-3.0	2.0-3.0	2.0-3.0
Exports (%)*	8.0	8.0	8.0	8.0
Imports (%)*	9.0	9.0	9.0	9.0

*Based on the Philippine Statistics Authority Trade Statistics

FISCAL PROGRAM

For 2019, the government will start to implement the annual cash-based appropriations system. Cash-based appropriations for 2019 are projected at PhP3,468.5 billion.

Particulars (in billion Pesos)	2019	2020	2021	2022
Revenues	3,202.6	3,600.4	4,009.7	4,485.0
Disbursements	3,781.8	4,238.0	4,712.1	5,259.3
Deficit	(579.2)	(637.6)	(702.4)	(774.3)
Cash Appropriations	3,468.5	3,886.9	4,712.1	5,259.3

For 2019, under a cash-based appropriations system, the budgets of line agencies are expected to be lower than the 2018 spending levels, which are on an obligation-based system.



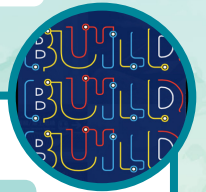
FAST FACT

	Annual Obligation-Based Budgeting	Annual Cash-Based Budgeting
Time Horizon/Period of Implementation	24 months & beyond	12 months
Period of Payment	24 months & beyond	15 months (FY + 3-month Extended Payment Period)

BUDGET PRIORITIES

The **PhP3,468.5 billion** cash appropriations for 2019 will focus on investments in infrastructure development and social services, consistent with the Administration's goal of making the Philippines attain upper middle income status and become a globally competitive economy by 2022.

Infrastructure Development



Some of the key infrastructure investments under the Build, Build, Build Program for 2019:



Metro Manila

- Metro Manila Flood Management Project Phase 1 **PhP2.5 B**
- LRT Line 1 North Extension (Common Station) **PhP600 M**
- Bonifacio Global City to Ortigas Center Road Link Project **PhP500 M**



Luzon (outside Metro Manila)

- North-South Railway Project-Phase II (Tutuban-Calamba-Batangas-Legaspi-Matnog) **PhP58.2 B**
- PNR North 2 **PhP39.9 B**
- North-South Commuter Railway Project (Malolos-Tutuban) **PhP19.7 B**
- Chico River Pump Irrigation **PhP2.2 B**
- Arterial Road By pass Phase III **PhP2.2 B**



Visayas

- New Cebu International Container Port **PhP1.9 B**
- New Bohol (Panglao) International Airport **PhP754 M**
- Panay River Basin Integrated Development Project **PhP500 M**



Mindanao

- Mindanao Railway Project Phase 1 (TDD Segment) **PhP2.2 B**
- Malitubog-Maridagao Irrigation Phase II **PhP1.5 B**
- Panguil Bay Bridge **PhP907 M**
- Davao Airport **PhP565 M**

Social Services

Social Services will continue to receive the largest share of the 2019 Budget to:



Provide support to Senior High School (SHS) Graduates through

- Establishment of TechVoc laboratories
- Acquisition of TechVoc equipment
- Strengthened partnership among government agencies, academe, and the industry



Ensure financial sustainability of education programs through

- Prohibition in the expansion of existing programs and projects of state universities and colleges (SUCs)
- Harmonization of existing student financial assistance programs



Pursue a disability- and Indigenous Peoples (IP)-inclusive society through

- Development of a registry of Persons with Disabilities (PWDs) and IPs for more effective government interventions



Intensify provision of quality nutrition through

- Programs and projects under the Philippine Plan of Action for Nutrition 2017-2022
- Health advocacy campaigns
- Interventions for the first 1,000 days (exclusive of breastfeeding and complementary feeding programs)
- Promotion of healthy diet and lifestyle



Intensify the Tax Reform Cash Transfer Project through

- Increase of unconditional cash grants to PhP300 from PhP200 in 2018
- Updating of the 2015 Listahanan
- Full implementation of the Unified National Identification System



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