

Briefer on the 2020 Budget Priorities Framework



THE ECONOMY AND THE 2020 NATIONAL BUDGET

The Duterte Administration will craft the proposed 2020 National Budget based on the following macroeconomic assumptions.

	Actual 2018	Projections ¹			
		2019	2020	2021	2022
Real Gross Domestic Product (GDP) Growth (%)	6.2	6.0 - 7.0 ²	6.5 - 7.5	7.0 - 8.0	7.0 - 8.0
Inflation (%)	5.2	3.0 - 4.0	2.0 - 4.0	2.0 - 4.0	2.0 - 4.0
Dubai Crude Oil (US\$/bbl)	69.42	60 - 75	60 - 75	60 - 75	60 - 75
Foreign Exchange (PhP/US\$)	52.66	52 - 55	52 - 55	52 - 55	52 - 55
364-Day T-Bill Rate (%)	5.1	5.5 - 6.5	5.0 - 6.0	5.0 - 6.0	5.0 - 6.0
London Interbank Offered Rate (LIBOR), 6 months (%)	2.5	2.5 - 3.5	2.5 - 3.5	2.5 - 3.5	2.5 - 3.5

¹Assumptions adopted by the Development Budget Coordination Committee (DBCC) on March 13, 2019.

²Assumes a one-quarter reenactment of the national budget.

THE FISCAL PROGRAM

With the above macroeconomic scenario, the government's fiscal performance is bent on sustaining the country's momentum of higher revenue collections and spending performance.

Particulars (in billion Pesos)	Actual 2018	Projections ^{1/}			
		2019	2020	2021	2022
Revenues	2,850.2	3,149.7	3,572.5	3,984.7	4,438.1
Growth rate	15.2	10.5	13.4	11.5	11.4
As % of GDP	16.4	16.4	16.9	17.1	17.2
Disbursements	3,408.4	3,774.0	4,210.1	4,697.3	5,211.1
Growth rate	20.7	10.7	11.6	11.6	10.9
As % of GDP	19.6	19.6	19.9	20.1	20.2
Fiscal Balance	(558.3)	(624.4)	(637.6)	(712.6)	(773.0)
Growth rate**	(59.2)	(11.8)	(2.1)	(11.8)	(8.5)
As % of GDP	(3.2)	(3.2)	(3.0)	(3.0)	(3.0)
Appropriations*	3,767.0	3,757.0	4,100.0	4,786.0	5,295.2
Growth rate	12.4	(0.3)	9.1	16.7	10.6
As % of GDP	21.6	19.5	19.4	20.5	20.6

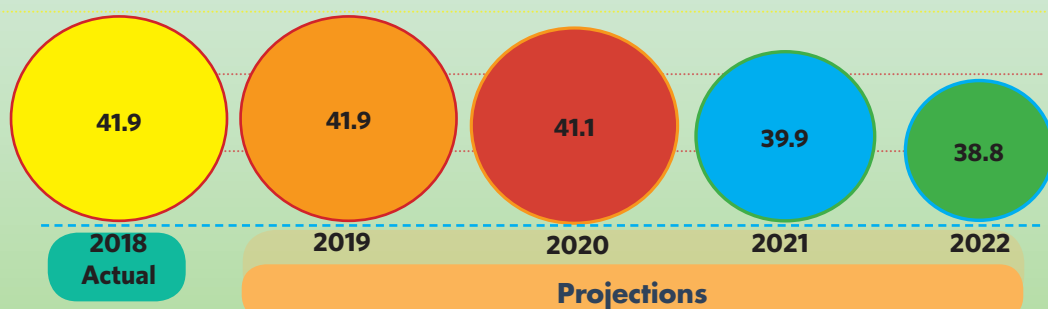
*FY 2018 is obligation-based. FY 2019 to 2022 are cash-based.

**A positive growth rate indicates an improvement in the fiscal balance, while a negative growth rate implies a deterioration in the fiscal balance.

^{1/}Consistent with the macroeconomic assumptions and fiscal targets approved during the 175th DBCC meeting on March 13, 2019.

Debt-to-GDP Ratio

As a percentage share of GDP, the national government debt is projected to continue its downward course from 41.9% this year to 38.8% by 2022. For 2020, this will shrink to a stable and more prudent level of 41.1%.



BUDGET PRIORITIES

The **2020 cash appropriations** will prioritize the acceleration of infrastructure, anti-poverty, and pro-employment spending.

Infrastructure Development

The Build, Build, Build Program will continue to be the flagship program of the Duterte Administration's infrastructure development reaching around PhP1.8 trillion, or 6.9 percent of the country's GDP by 2022.

Particular	Investment Requirements (in billion Pesos)*			
	2019 NEP	2020	2021	2022
TOTAL	909.7	1,044.8	1,549.6	1,785.7
As % of GDP	4.7	4.9	6.6	6.9

Promoting infrastructure investments will support:



*Medium-Term Infrastructure Investment includes NG infrastructure, and transfers to LGUs and support to GOCCs intended for infrastructure programs/projects. Consistent with the macroeconomic assumptions and fiscal targets approved during the 175th DBCC meeting on March 13, 2019.

New Critical Programs

Implementation of the Universal Health Care Act

Liberalization of rice importation and ensuring food security

Passage of the Bangsamoro Organic Law and smooth transition to the Bangsamoro Autonomous Region in Muslim Mindanao

Institutionalization of the Pantawid Pamilyang Pilipino Program

Operationalization of the newly-created Department of Human Settlements and Urban Development



Other Priority Programs

Strengthening of the monitoring of the K to 12 Program and the Tech-Voc Program

Implementation of the Unconditional Cash Transfer Program

Ensuring the financial sustainability of the Universal Access to Quality Tertiary Education

Improvement of the Risk Resiliency Program

Effective management of coastal resources



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