



REFORMING THE PHILIPPINE BUDGETING SYSTEM

THE **2019** NATIONAL BUDGET

A Modern and Open
Cash-Based Budget
for
Disciplined, Accountable,
and Faster Service Delivery



Annual Cash-Based Budgeting: A First in Philippine Budgeting

FY 2019 marks the shift to the first annual cash-based budget of the Philippine government. Under this system, all government programs and projects budgeted for the fiscal year should be implemented and delivered within the same fiscal year. Goods and services delivered, inspected, and accepted until the end of the fiscal year will be settled within the same year, up to the 3-month period following the end of the fiscal year, or the Extended Payment Period (EPP).

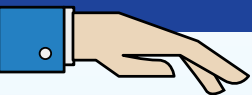


Why is the shift to annual cash-based budgeting necessary?

- 1 It promotes discipline among agencies** because only the programs and projects which are shovel-ready, or those ready for implementation, are included in the budget. Hence, it requires better planning, early procurement, and greater coordination among agencies. It spurs action from the agencies and more active management of budgetary resources.
- 2 It raises the credibility of the government with its suppliers and contractors** by ensuring that the payment of contractual obligations which are scheduled to be delivered in the fiscal year are reflected in the Budget and that the payments of those deliverables accepted are settled within the year up to the EPP.
- 3 It supports the government's expansionary policy** by addressing underspending, enabling it to double expenditures for infrastructure services and expand social services from 30% to 40% of the Budget from 2017 to 2022. These will support the government's growth target of 7-8% during this period.
- 4 It modernizes our budgeting system and raises it to international standards.**



How did the shift to an annual cash-based budget affect the 2019 Proposed National Budget?



It made the 2019 Proposed Budget ...

Disciplined

Because bigger is not always better!

The graph below, which illustrates the budget utilization rates of 3 major departments for the period 2013-2017, shows that appropriated budgets have not been fully utilized by these agencies. Thus, under the 2019 cash-based budget, agency budgets were based on the agency's absorptive capacity, and the readiness of their targetted programs/projects to be implemented within the fiscal year.

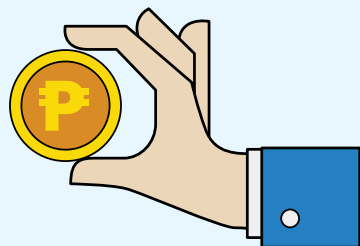
Accountable

Agency performance will not be based on the contracts awarded or obligated (but which cannot always be delivered), but on programs and projects implemented and outputs delivered and paid for during the fiscal year. Obligations are intentions, cash disbursements mean outputs.

The 2019 Budget is consistent with the Administration's goal of becoming an upper middle-income and globally competitive economy by 2022 and reducing the national poverty incidence from 21.6% in 2015 to 14.0% by 2022.

An Instrument for Faster Service Delivery

The confusing pile up of undelivered obligations under the current system will stop, as agencies will be pushed to deliver their programs and projects within the one-year horizon. Otherwise, their cash appropriations will revert to the Treasury and will need to be reappropriated.



Budget Utilization Rates of 3 Major Departments, 2013-2017



How is the annual cash-based budgeting system different from the previously used obligation-based budgeting system?

OBLIGATION-BASED BUDGETING

ANNUAL CASH-BASED BUDGETING

Time Horizon / Period of Implementation



Contracts awarded within the fiscal year can be delivered even after the end of the year.

Contracts intended to be implemented for the fiscal year should be fully delivered, inspected, and accepted by the end of the fiscal year.

Obligation-based Appropriations (24 months & beyond)



Cash-based Appropriations (12 months)



Period of Payment



Inspection, verification, and payment is done within and beyond the end of the fiscal year.

Payment is done within the fiscal year and up to a three-month Extended Payment Period (EPP) after the fiscal year for goods and services accepted by December 31 of the fiscal year.

Obligation-based Appropriations (24 months & beyond)



Cash-based Appropriations (15 months)



Given these major differences, is the 2019 cash-based budget comparable with the 2018 obligation-based budget?

Comparing the 2019 cash-based budget with the 2018 obligation-based budget is like comparing apples with oranges. To have an apple-to-apple comparison, the 2019 Budget should be compared with the cash-based equivalent of the 2018 Budget.



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2018 CASH-BASED EQUIVALENT BUDGET[✓]

2019 CASH-BASED BUDGET



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2018 OBLIGATION-BASED BUDGET

2019 CASH-BASED BUDGET

[✓] The cash-basedw equivalent of the 2018 obligation-based budget is derived from the Monthly Disbursement Program (MDP) submitted by agencies and removing the prior years' payments for accounts payable from these. This leaves the cash disbursements estimated to be made by the agency for the current year's budget.

The succeeding figures and tables show the apple-to-apple comparison of the 2018 and 2019 Budgets.

PhP3.326 Trillion



2018 Adjusted MDP
(cash-based equivalent)



13.0%

PhP3.757 Trillion



2019 Proposed Budget
(cash-based)

Top Ten Departments/Recipients

in billion Pesos

DEPARTMENT/ RECIPIENT	2018 MDP ^{1/} (Cash-based equivalent)		2019 NEP (Cash-based)		INCREASE/ DECREASE	
	Amount	Rank	Amount	Rank	Amount	%
Education (DepEd, SUCs, CHED, TESDA)	589.9	1	659.3	1	69.4	11.8
DPWH	441.8 ^{2/}	2	555.7	2	113.9	25.8
DILG	172.4	3	225.6	3	53.2	30.9
DND	136.5	6	183.4	4	46.9	34.4
DSWD ^{3/}	164.4	4	173.3	5	8.9	5.4
DOH ^{4/}	153.7	5	141.4	6	-12.3	-8.0
DOTr	40.2	8	76.1	7	35.9	89.3
DA	50.7	7	49.8	8	-0.9	-1.8
Judiciary	35.4	9	37.3	9	1.9	5.4
ARMM	24.4	10	32.3	10	7.9	32.4

^{1/} DBM-approved, net of Prior Years' Payments and Accounts Payable. Agency Specific Budget excludes allocations from Special Purpose Funds

^{2/} Includes projected Current Year's Accounts Payable to be paid in 2019

^{3/} Includes provision for Unconditional Cash Transfer lodged under the Land Bank of the Philippines

^{4/} Includes budget of the Philippine Health Insurance Corporation

Budget of Departments/Agencies, 2018-2019

in million Pesos

Department/Agency	2018 MDP ^{1/} (cash-based equivalent)	2019 NEP (cash-based)	Increase/Decrease	
			Amount	%
CONGRESS	18,743.7	17,597.2	-1,146.5	-6.1
Senate	5,982.2	4,709.7	-1,272.5	-21.3
SET	282.1	283.6	1.5	0.5
CA	753.9	791.2	37.3	4.9
HOR	11,509.4	11,608.2	98.8	0.9
HET	216.1	204.6	-11.5	-5.3
OP	6,072.3	6,822.9	750.6	12.4
The President's Offices	6,072.3	6,822.9	750.6	12.4
OVP	551.0	455.9	-95.1	-17.3

^{1/} DBM-approved, net of Prior Years' Payments and Accounts Payable. Agency Specific Budget excludes allocations from Special Purpose Funds

(in million Pesos)

Department/Agency	2018 MDP ^{1/} (cash-based equivalent)	2019 NEP (cash-based)	Increase/Decrease	
			Amount	%
DAR	9,068.7	8,202.5	-866.2	-9.6
DA	50,667.0	49,804.7	-862.3	-1.7
OSEC	42,000.8	38,528.8	-3,472.0	-8.3
ACPC	1,176.1	3,540.7	2,364.6	201.1
BFAR	5,256.5	5,812.6	556.1	10.6
NMIS	657.8	497.3	-160.5	-24.4
PCC	499.0	477.1	-21.9	-4.4
Philmech	317.0	317.4	0.4	0.1
PFIDA	576.6	423.8	-152.8	-26.5
PCAF	183.1	207.0	23.9	13.0
DBM	2,026.5	3,640.6	1,614.1	79.6
OSEC	1,924.9	3,591.5	1,666.6	86.6
GPPB-TSO	101.6	49.0	-52.6	-51.8
DepEd	470,056.4	528,784.3	58,727.9	12.5
OSEC	468,922.8	527,714.2	58,791.4	12.5
NBDB	46.3	50.8	4.5	9.7
NCCT	14.8	15.6	0.8	5.4
NM	451.4	376.2	-75.2	-16.7
PHSA	137.6	95.7	-41.9	-30.5
ECDC	483.4	531.8	48.4	10.0
SUCs	63,799.3	65,198.7	1,399.4	2.2
DOE	2,143.0	2,037.6	-105.4	-4.9
DENR	23,567.3	25,077.5	1,510.2	6.4
OSEC	17,465.3	19,297.2	1,831.9	10.5
EMB	2,884.2	2,646.8	-237.4	-8.2
MGB	1,366.5	1,440.9	74.4	5.4
NAMRIA	1,560.5	1,413.1	-147.4	-9.4
NWRB	169.8	152.1	-17.7	-10.4
PCSDS	121.1	127.5	6.4	5.3
DOF	16,559.0	20,063.0	3,504.0	21.2
OSEC	1,360.1	876.1	-484.0	-35.6
BOC	3,680.5	3,071.4	-609.1	-16.5
BIR	8,263.2	8,556.9	293.7	3.6
BLGF	296.4	285.0	-11.4	-3.8

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(in million Pesos)

Department/Agency	2018 MDP ^{1/} (cash-based equivalent)	2019 NEP (cash-based)	Increase/Decrease	
			Amount	%
BTR	1,763.8	6,091.6	4,327.8	245.4
CBAA	19.9	22.1	2.2	11.1
IC	376.0	355.1	-20.9	-5.6
NTRC	61.3	70.5	9.2	15.0
PMO	76.0	83.1	7.1	9.3
SEC	661.9	651.4	-10.5	-1.6
DFA	14,495.2	27,504.1	13,008.9	89.7
OSEC	14,385.8	27,405.1	13,019.3	90.5
FSI	84.9	69.4	-15.5	-18.3
TCCP	4.6	3.7	-0.9	-19.6
UNESCO	19.8	25.9	6.1	30.8
DOH	99,596.9	74,062.6	-25,534.3	-25.6
OSEC	98,360.5	73,129.5	-25,231.0	-25.7
POPCOM	505.9	486.6	-19.3	-3.8
NNC	730.4	446.5	-283.9	-38.9
DICT	4,277.2	5,096.2	819.0	19.1
OSEC	3,646.4	4,300.4	654.0	17.9
CICC	-	31.4	31.4	---
NPC	155.4	230.6	75.2	48.4
NTC	475.4	533.8	58.4	12.3
DILG	172,357.6	225,647.1	53,289.5	30.9
OSEC	5,708.6	6,991.6	1,283.0	22.5
BFP	15,762.9	22,992.3	7,229.4	45.9
BJMP	14,521.1	18,870.3	4,349.2	30.0
LGA	252.0	261.9	9.9	3.9
NAPOLCOM	1,707.3	1,795.9	88.6	5.2
PNP	132,580.8	172,615.9	40,035.1	30.2
PPSC	1,824.8	2,119.1	294.3	16.1
DOJ	19,612.6	21,353.0	1,740.4	8.9
OSEC	7,301.4	7,179.3	-122.1	-1.7
BC	2,590.3	2,938.4	348.1	13.4
BI	994.7	1,340.1	345.4	34.7
LRA	1,572.8	1,563.1	-9.7	-0.6
NBI	1,708.1	1,640.8	-67.3	-3.9
OGCC	131.8	211.7	79.9	60.6

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(in million Pesos)

Department/Agency	2018 MDP ^{1/} (cash-based equivalent)	2019 NEP (cash-based)	Increase/Decrease	
			Amount	%
OSG	1,037.0	1,063.1	26.1	2.5
PPA	934.6	983.7	49.1	5.3
PCGG	144.6	138.0	-6.6	-4.6
PAO	3,197.4	4,294.8	1,097.4	34.3
DOLE	11,489.7	13,371.8	1,882.1	16.4
OSEC	7,407.7	8,549.8	1,142.1	15.4
ILS	38.7	46.9	8.2	21.2
NCMB	225.0	251.6	26.6	11.8
NLRC	1,192.3	1,574.9	382.6	32.1
NMP	102.9	106.8	3.9	3.8
NWPC	219.4	233.7	14.3	6.5
OWWA	901.3	1,090.5	189.2	21.0
POEA	560.8	448.1	-112.7	-20.1
PRC	841.7	1,069.5	227.8	27.1
DND	136,486.7	183,425.3	46,938.6	34.4
DND-Level Central Adm. & Support	3,416.0	3,265.3	-150.7	-4.4
OSEC	456.8	493.2	36.4	8.0
GA	1,232.0	1,274.9	42.9	3.5
NDCP	641.6	101.9	-539.7	-84.1
OCD	1,085.6	1,395.3	309.7	28.5
PVAO	2,426.9	2,331.2	-95.7	-3.9
PVAO-Proper	749.8	565.4	-184.4	-24.6
VMMC	1,677.0	1,765.9	88.9	5.3
AFP	99,557.1	141,477.9	41,920.8	42.1
PA	61,877.6	89,042.0	27,164.4	43.9
PAF	16,357.4	24,619.4	8,262.0	50.5
PN	21,322.1	27,816.4	6,494.3	30.5
Joint Level Central Adm. & Support	31,086.7	36,350.9	5,264.2	16.9
GHQ	31,086.7	36,350.9	5,264.2	16.9
DPWH	441,829.7*	555,665.6	113,835.9	25.8
DOST	19,564.2	19,801.2	237.0	1.2
OSEC	4,936.3	5,026.4	90.1	1.8

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*includes projected Current Year Accounts Payable to be paid in 2019

(in million Pesos)

Department/Agency	2018 MDP ^{1/} (cash-based equivalent)	2019 NEP (cash-based)	Increase/Decrease	
			Amount	%
ASTI	549.1	418.9	-130.2	-23.7
FNRI	376.0	508.5	132.5	35.2
FPRDI	251.2	255.1	3.9	1.5
ITDI	568.3	526.0	-42.3	-7.4
MIRDC	351.9	264.3	-87.6	-24.9
NAST	82.0	81.3	-0.7	-0.8
NRCP	73.1	73.0	-0.1	-0.1
PAGASA	990.1	1,646.2	656.1	66.3
PCANRRD (PCAMRD + PCAFNRRD)	1,297.9	1,216.5	-81.5	-6.3
PCHRD	610.1	645.2	35.1	5.7
PCIEETRD (PCIERD + PCAS- TRD)	864.1	718.4	-145.7	-16.9
PIVS	541.0	509.7	-31.3	-5.8
PNRI	344.9	359.2	14.3	4.1
PSHS	3,664.3	2,678.9	-985.4	-26.9
PTRI	119.3	132.8	13.5	11.3
SEI	3,714.0	4,512.1	798.1	21.5
STII	100.9	96.4	-4.5	-4.5
TAPI	129.7	132.3	2.6	2.0
DSWD	139,900.1	136,817.1	-3,083.0	-2.2
OSEC	139,473.5	136,540.9	-2,932.6	-2.1
CWC	96.6	70.1	-26.5	-27.4
ICAB	56.6	55.0	-1.6	-2.8
NCDA	57.1	57.2	0.1	0.2
JJWC	216.3	93.8	-122.5	-56.7
DOT	3,523.4	3,390.0	-133.4	-3.8
OSEC	3,139.7	3,082.9	-56.8	-1.8
IA	92.5	65.9	-26.6	-28.8
NPDC	291.2	241.3	-49.9	-17.2
DTI	6,027.1	5,248.8	-778.3	-12.9
OSEC	5,326.0	4,516.7	-809.3	-15.2
BOI	425.8	400.2	-25.6	-6.0
PTTC	66.6	103.8	37.2	55.8

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(in million Pesos)

Department/Agency	2018 MDP ^{1/} (cash-based equivalent)	2019 NEP (cash-based)	Increase/Decrease	
			Amount	%
DCP	106.7	100.0	-6.7	-6.3
CIAP	102.0	128.0	26.0	25.5
DOTr	40,184.0	76,107.8	35,923.8	89.4
OSEC	24,559.2	63,076.5	38,517.3	156.8
CAB	131.6	93.4	-38.2	-29.0
MARINA	1,070.6	882.4	-188.2	-17.6
OTC	87.3	39.5	-47.8	-54.7
OTS	1,072.1	1,395.9	323.8	30.2
PCG	13,232.9	10,584.8	-2,648.1	-20.0
TRB	30.4	35.2	4.8	15.8
NEDA	8,913.7	8,515.5	-398.2	-4.5
ODG	2,932.6	1,449.7	-1,482.9	-50.6
PNVSCA	29.6	37.9	8.3	28.0
PPPCP	154.1	165.7	11.6	7.5
PSRTI	40.4	45.3	4.9	12.1
TARIFF	71.7	86.9	15.2	21.2
PSA	5,685.2	6,730.1	1,044.9	18.4
PCOO	1,434.5	1,474.0	39.5	2.8
PCOO-Proper	256.7	361.0	104.3	40.6
BBS	370.1	397.0	26.9	7.3
BCS	37.8	37.2	-0.6	-1.6
NPO	94.5	11.5	-83.0	-87.8
NIB	129.1	124.7	-4.4	-3.4
PIA	335.4	337.5	2.1	0.6
PBS-RTVM	210.9	205.2	-5.7	-2.7
OEOs	69,424.4	78,174.2	8,749.8	12.6
AMLC	75.1	47.5	-27.6	-36.8
CCC	166.5	102.0	-64.5	-38.7
CFO	85.2	114.9	29.7	34.9
CDA	495.1	555.7	60.6	12.2
CHED	48,498.5	50,443.4	1,944.9	4.0
CFL	111.2	74.8	-36.4	-32.7
DDB	232.3	258.3	26.0	11.2
ERC	413.2	470.5	57.3	13.9

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(in million Pesos)

Department/Agency	2018 MDP ^{1/} (cash-based equivalent)	2019 NEP (cash-based)	Increase/Decrease	
			Amount	%
FPA	133.9	213.7	79.8	59.6
FDCP	190.5	192.0	1.5	0.8
GAB	165.2	138.7	-26.5	-16.0
GCGOCC	156.6	258.2	101.6	64.9
HLURB	300.5	467.8	167.3	55.7
HUDCC	168.8	180.1	11.3	6.7
MDA	179.4	165.7	-13.7	-7.6
MTRCB	98.3	98.8	0.5	0.5
NAPC	227.4	227.6	0.2	0.1
NCCA	1,697.4	1,433.5	-263.9	-15.5
NCCA Proper	380.8	593.8	213.0	56.0
NHCP (NHI)	540.8	359.0	-181.8	-33.6
NLP	336.2	154.6	-181.6	-54.0
NAP (RMAO)	439.6	326.1	-113.5	-25.8
NCIP	1,023.9	1,039.1	15.2	1.5
NCMF (OMA)	547.5	629.3	81.8	14.9
NICA	913.5	834.2	-79.3	-8.7
NSC	267.3	297.5	30.2	11.3
NYC	168.4	154.0	-14.4	-8.5
OPAPP	755.7	688.7	-67.0	-8.9
OMB (VRB)	69.2	65.5	-3.7	-5.3
PRRC	206.3	328.1	121.8	59.0
PCW (NCRFW)	114.8	115.7	0.9	0.8
PCC	457.6	446.9	-10.7	-2.3
PDEA	2,662.3	1,979.4	-682.9	-25.6
PHILRACOM	194.7	190.6	-4.1	-2.1
PSC	234.0	245.3	11.3	4.8
PCUP	175.5	185.8	10.3	5.9
PLLO	84.3	88.6	4.3	5.1
PMS	593.9	612.2	18.3	3.1
TESDA	7,560.4	14,830.1	7,269.7	96.2
ARMM	24,426.7	32,285.8	7,859.1	32.2
JLEC	3.9	4.0	0.1	2.6

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(in million Pesos)

Department/Agency	2018 MDP ^{1/} (cash-based equivalent)	2019 NEP (cash-based)	Increase/Decrease	
			Amount	%
JUDICIARY	35,354.6	37,330.1	1,975.5	5.6
SCPLC	31,550.2	33,447.7	1,897.5	6.0
PET	122.4	133.9	11.5	9.4
SB	982.9	673.5	-309.4	-31.5
CA	2,097.2	2,649.6	552.4	26.3
CTA	601.9	425.4	-176.5	-29.3
CSC	1,658.6	1,751.5	92.9	5.6
CSC-Proper	1,577.9	1,656.3	78.4	5.0
CESB	80.7	95.2	14.5	18.0
COA	12,152.6	11,577.4	-575.2	-4.7
COMELEC	16,151.6	10,278.6	-5,873.0	-36.4
OMBUDSMAN	2,741.9	2,885.5	143.6	5.2
CHR	693.0	721.2	28.2	4.1
TOTAL	1,945,553.9	2,260,173.3	314,619.4	16.2

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 Note: Figures may not add up due to rounding off.

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