

FORWARD ESTIMATES

1.0 GENERAL GUIDELINES

- 1.1 The FEs shall be formulated within the context of the 2011-2016 Philippine Development Plan (PDP) Midterm Update and its corresponding Results Matrices (RM) and target outputs in the respective department/agency planning tools based on the discussions and analysis undertaken with NEDA during the drafting of the 2014 Socio-economic Report.
- 1.2 The FEs for 2015-2018 shall pertain to the annual funding requirements to implement activities, projects and programs which are on-going and continuing as listed in the 2015 GAA. They shall also reflect budgetary requirements based on updated program/project profiles reflecting the latest approved changes in implementation, They shall be based on approved existing program strategies and input:output technology mix/design. Any adjustment to the annual targets shall be limited to those that are already approved by the President or the NEDA Board or pertinent high-level approving committee, including **approved** expansion of existing/on-going activities in terms of scope, beneficiaries, and design or implementation. and parameter changes related to population.
 - 1.2.1 On-going activities that are already terminating in 2014 and will not require funding beyond 2015 shall not be included in the FEs. However, periodic activities/programs like PSA periodic surveys and COMELEC preparatory works for the conduct of elections shall be included in the FEs for the pertinent year those activities will be undertaken.
 - 1.2.2 Scaling up of activities in terms of policy change not previously approved such as scope, beneficiaries, and design or implementation shall be treated as major expansion of existing or on-going activities and shall also not be included in the FEs.
- 1.3 For the 2015-16 Budget, while the basis of budget amounts for existing or on-going programs/projects as well as the increase in outputs are based on program plans/profiles, the budget levels shall be adjusted to consider the latest actual obligations and payments of the agencies for 2014. Hence, the budget levels for 2015 to 2018 shall represent forecasts of the likely obligation/contracting and payment requirements of the agencies for each P/A/P. For 2015, these can be the less than the GAA level based on the agency implementation requirement and capacity.

2.0 SPECIFIC GUIDELINES

- 2.1 The FEs formulation shall include the new spending proposals or policies that were approved after the 2015 budget preparation and hence may not have been considered in the FY 2015 GAA. These include new foreign-assisted projects **approved** by the President or the NEDA Board. The budgetary requirements of these policies for the next three years shall be included in the department/agency/GOCC FYs 2016-2018 FEs and shall be supported by submission of pertinent documents (e.g. Board approval, minutes of the meeting, project reports, etc.).
- 2.2 The FEs shall consider the following:
 - 2.2.1 The budgetary requirements of Information Systems (IS)/Information and Communication Technology (ICT) related MOOE items shall be included in the respective FEs of the agency if they are already part of the existing programs/projects. The multi-year requirements of recently approved IS/ICT related activities of agencies have to be coordinated with the MITHI Steering Committee.
 - 2.2.2 Climate change adaptation and mitigation expenditures including but not limited to infrastructure projects that incorporate climate-change risks in the approved design of roads/bridges projects, national greening project, energy renewal projects, improved transport systems, forest management, resilient crop varieties or farming techniques, early warning systems and other investments specifically designed to respond to projected climate changes and variability. These shall be disclosed for proper prioritization.
- 2.3 The FEs shall consider the budgetary implications of parameter adjustments such as inflation (price changes), currency adjustments and demand or population driven changes as follows:
 - 2.3.1 The foreign exchange rate of **P43.50: \$1.00 US** (midpoint) shall be used in determining the peso equivalent of the foreign currency. This rate shall be applied until FY 2018.
 - 2.3.2 Demand driven changes such as the result of population increase or the costs of maintaining a particular ideal level of service like student-to-teacher ratio, police-to-population ratio, among others.
- 2.4 During the FE formulation, the following data relative to the existing or on-going programs and projects shall be gathered:
 - 2.4.1 Implications of the existing policies and their consistency with the BPF and/or latest RM of the PDP to determine the total or medium-term target outputs, if possible until 2018;

- 2.4.2 Cost assumptions or estimates such as but not limited to per kilometer costs, per capita costs or other available standard cost or historical cost;
- 2.4.3 Prior years' and 2014 actual financial and physical performance of departments/agencies (preliminary as of December 2014), including the implications of revision in the implementation plans, status of the utilization of funds and delays or progress experienced in the implementation of activities which shall affect the future funding requirements of all on-going or existing activities;
- 2.4.4. Estimated financial and physical performance level for FY 2015; and,
- 2.4.5 A gap analysis against the updated PDP to determine the remaining work/services still to be done for FYs 2016-2018 and beyond. The phasing of implementation of programs and projects shall be based on the schedule indicated in the profiles and the historical implementation performance of the agencies. If the program needs to be accelerated despite the lower-than-expected performance, measures on how to manage the risks should also be identified and discussed during the deliberation of the FE levels.

3.0 GOCC CONSULTATIONS ON THE FEs

The formulated FYs 2016-2018 FEs shall be discussed and consulted with the departments/agencies/GOCCs during Technical Budget Hearings (TBH) to be conducted by DBM for the purpose to finally confirm assumptions used, agency/GOCC plans including the phasing of outputs and implementation schedules that would affect their FEs requirements. The departments/agencies/GOCCs are enjoined to provide data or information needed for the FEs formulation. DBM will inform the departments/agencies/GOCCs of the schedule of the TBH.