

Preparation of the FY 2019 Budget:

Guidelines on the Formulation of Tier 1 and Tier 2 Levels

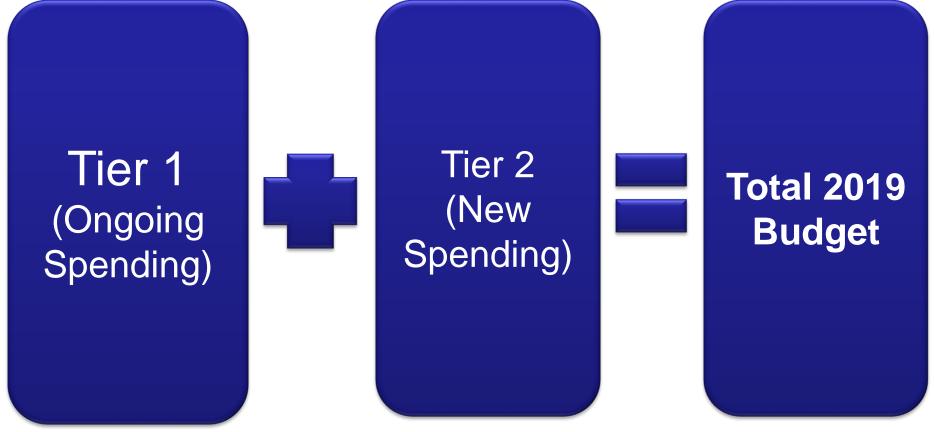
January 17, 2018 Philippine International Convention Center Pasay City

OUTLINE OF PRESENTATION

- Overview of 2 Tier Budgeting Approach (2TBA)
- Definition and Composition of Tier 1 and Tier 2
- Guidelines: Tiers 1 and 2



Overview: Two-Tier Budgeting Approach (2TBA)





DEFINITION

Tier 1

Covers ongoing P/A/Ps and commitments at the same scope and quantity



DEFINITION

• Tier 2 – allocation of Fiscal Space

a) For <u>new</u> P/A/Ps or expansion of existing P/A/Ps in terms of <u>scope</u>, <u>beneficiaries</u>, timeframe or outputs

b) For <u>realignment</u> of Tier 1 resources <u>among P/A/Ps</u>, and scaling up of activities as a result of policy change not previously approved



COMPOSITION

• Tier 1

a) All costs of approved filled positions as of December 31, 2017

b) Essential operations, maintenance, asset replacement and minor capital costs

c) Existing approved LFPs or FAPs based on approved project profile

d) Formulated FEs for outyears 2020-2021



COMPOSITION

• Tier 2

a) P/A/Ps that are high priority, implementation-ready and compliant with the PIP and TRIP guidelines

b) Realignment of Tier 1 allocation across P/A/Ps

c) Cost of scaling up of activities



GUIDELINES



Formulation of Tier 1 FEs

- FEs for 2019-2021 formulated by DBM in consultation with departments/agencies concerned
- 2. FY 2018 GAA basis for determining list of ongoing PAPs
- FYs 2019-2021 based on actual cash requirements for the implementation of ongoing PAPs



Formulation of Tier 1 FEs

4. Budgetary requirements PAPs – initially based on FY 2018 but shall be adjusted in consideration of the budget utilization rate (BUR)

5. Targeted outputs and outcomes – should be consistent with cash-based budgetary requirements



Tier 1 : MOOE

Budget requirements for the following:

- On-going activities, programs and projects
- Operation of newly completed facilities as of Dec. 31, 2017 but not provided in 2018 budget
- ICT P/A/Ps previously covered by existing ISSP as approved by the MITHI
- Regular *periodic* activities and programs, including conduct of 2019 elections



Tier 1 : MOOE

Budget requirements for the following:

- ISO 9001:2015 Quality Management System certification efforts;
- Corresponding overhead cost for newlyapproved filled positions
- Infrastructure subsidy support to GOCCs



Tier 1 : CO

Budget requirements for the following:

- Ongoing capital projects
- Projects covered by MYOA
- Vehicle replacements for the same purpose and/or intended user,
- ICT P/A/Ps covered by existing ISSP as approved by the MITHI



Tier 2 : MOOE

- New P/A/Ps or Expansion of existing P/A/Ps
- Corresponding MOOE costs of approved major changes in the organization or structure of an agency, including downsizing or mergers
- MOOE costs not included in the FEs:
 - Due to changes in demand-driven parameters of Medium Term Expenditure Plans (MTEP)
 - Already approved rolling development or expansion plans



Tier 2 : MOOE

- ISO 9001:2015 QMS certification activities of agencies which have not yet started the same
- Expanded/new ICT P/A/Ps supported with BP Forms 202 and 203;
- Realignment of MOOE funds between P/A/Ps to improve outcomes
- New/expansion of infrastructure subsidy support to GOCCs



Tier 2 : CO

- Proposed new infrastructure projects included in the FYs 2019-2021 TRIP.
- Adjustments in the total cost of a project already approved by NEDA Board or ICC as of March 31, 2018
- Purchase of motor vehicles for additional/newly-entitled officials and/or functions of a newly created agency



Tier 2 : CO

- Expanded/new ICT P/A/Ps with BP Forms 202 and 203
- Other new and expanded COs that are noninfrastructure





