



# **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)

**Tier 1**  
(Ongoing  
Spending)



**Tier 2**  
(New  
Spending)



**Total 2019  
Budget**

# 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 new P/A/Ps or expansion of existing P/A/Ps in terms of scope, beneficiaries, timeframe or outputs
  - b) For realignment of Tier 1 resources among P/A/Ps, 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

1. FEs for 2019-2021 – formulated by DBM in consultation with departments/agencies concerned
2. FY 2018 GAA – basis for determining list of ongoing PAPs
3. 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 newly-approved 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

Funding requirements for:

- 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

Funding requirements for:

- 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

Funding requirements for:

- 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

Funding requirements for:

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



Thank  
you

