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The 2018 National Budget is a budget that puts the Filipino first – and is indeed a budget of “firsts”.

Completing the first proposed financial plan that his Administration truly calls its own, crafted to reflect the ideals and objectives of his governance, President Rodrigo Roa Duterte ensured the engagement of the members of the Legislative Branch in the final drafting of the 2018 Proposed Budget by submitting it for their approval on the same day that he delivered his State of the Nation Address on July 24, 2017. This was the first early submission of a Proposed National Budget since 2000, and was meant to provide Congress with sufficient time to study and evaluate all aspects of the Budget.

With its approval by the Philippine Congress and signing into law by the President on December 19, 2017, the General Appropriations Act (GAA), whose main feature is the PhP3.767 trillion National Budget for 2018, is ready for implementation by the Administration.

It is an “activist budget”, as President Duterte himself describes this document that contains the financial agenda of the government over the current fiscal year. “Activist” because it seeks to challenge the old systems and paradigms with the promise of change. Not in words alone, but by introducing measures that would actualize this change and make their impacts sustainable and lasting.

The first of these measures is the Tax Reform for Acceleration and Inclusion (TRAIN) Law, which the President signed together with the GAA. The TRAIN is the first reform instrument of the Duterte Administration, and its primary objective is to fuel the 2018 Budget in order to keep it on track towards its destination – the fulfillment of the Filipino people’s aspiration for a life that is “matatag, maginhawa, at panatag.”

Thus, the spirit of “build-build-build” embodied in this 2018 GAA is one that refers not solely to infrastructure and the physical structures that showcase a country’s growth, but to its population – their transformation into a people who are strong and resilient, enjoying the fruits of the nation’s progress in terms of better social services and more productive opportunities.

This 2018 National Budget is a budget that will reform and transform the Philippines and the Filipino people. Reform is always towards positive change. And transformation, that results when reform is participative and inclusive, will be sustainable and lasting.

This is the change that we have already begun together, and that will carry us to the national vision and goal.

The Department of Budget and Management (DBM) is pleased to share with you this 2018 People’s Budget which aims to present the 2018 GAA in a concise, clear, and understandable way for the better appreciation of our people.
The National Budget for 2018 was crafted with the primary objective of bringing about a positive transformation through the implementation of successful reforms. As the country moves toward the achievement of providing a *matatag, maginhawa, at panatag na buhay* for the Filipino people, this Budget aims to lay strong foundations for real and lasting change that will benefit ALL, especially the future generations.

### A BUDGET THAT REFORMS AND TRANSFORMS

#### Credible and Disciplined Fiscal Policy

A fiscal framework based on credible and disciplined policies guarantees long-term fiscal sustainability and predictability.

**Expansionary Fiscal Policy for Inclusive Growth**

The key to sustaining the country’s growth momentum is to ensure that our limited resources—from improved revenue collections and sustainable borrowings—are directed to the country’s strategic priorities, while managing low inflation and debt-levels. For the next five years, the government will maintain the budget deficit at 3% of GDP, while at the same time reducing the size of debt in the context of the country’s GDP through improved revenue collections.

**Addressing Underspending through the One-Year Validity of Appropriations**

A turning point in the country’s budget system was Congress’ approval of the one-year validity of appropriations in the 2018 Budget. Although the 2017 Budget started the obligation of allocations within the fiscal year (FY), starting 2018, all funds will be available for release and obligation only within the FY.

This change is in preparation for the full implementation of the Cash-Based Budgeting System in 2019. This new System of releasing funds to agencies seeks to address underspending by ensuring that the budget will be fully implemented within the FY. It speeds up the execution of the budget and allows a more prompt delivery of goods and services and payment of the same. Greater discipline will also be imposed on the agencies in managing their funds, thereby enabling them to provide better public services to the people.

#### Fiscal Space Focused on Equitable Progress and Social Order

**Golden Age of Infrastructure**

A budget of Ph₱1,068.4 billion has been allocated for the “Build, Build, Build” Program in 2018 to accelerate strategic infrastructure and ensure sustainable development.

The Build, Build, Build Program is allotted as follows:

- **Ph₱148.0 B** - Luzon
- **Ph₱62.3 B** - Visayas
- **Ph₱85.8 B** - Mindanao

**Uplifting the Marginalized**

As lifting the poor from poverty is a priority of the government, the Social Services Sector receives a budget of Ph₱1,425.7 billion, representing 37.9% of the 2018 Budget.

Key items under the Social Services Sector are:

- **Ph₱760.2 B** - Education
- **Ph₱179.4 B** - Health
- **Ph₱284.1 B** - Social Security, Welfare, and Employment
- **Ph₱5.9 B** - Housing
A Budget Reflecting the Administration’s Policies

The shift to the Program Expenditure Classification (PREXC) system of presenting the budget establishes a better link between planning and budgeting and provides performance information that would improve the understanding and appreciation of the purpose of the expenditure and its intended beneficiaries.

**NEW CHANGES WITH PREXC**

<table>
<thead>
<tr>
<th>FROM</th>
<th>TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome Indicators at organizational level</td>
<td>Outcome Performance Indicators at program level</td>
</tr>
<tr>
<td>Major Final Output (MFO) targets</td>
<td>Program/Sub-program outcome and output targets</td>
</tr>
<tr>
<td>Programs, Activities, Projects (PAPs) under Operations grouped by MFO</td>
<td>Activities and Projects under Operations grouped by Program/Sub-program</td>
</tr>
</tbody>
</table>

**Strengthening Transparency, Participation, and Accountability**

The government continues to engage the public in the budget process, thus upholding the citizen’s right to participate in governance.

**Freedom of Information**

Under the Freedom of Information (FOI) program, information on 218* government agencies can also be accessed by the public on eFOI (www.foi.gov.ph).

*As of February 6, 2018

**Open Government Partnership**

The Duterte Administration continues to intensify the implementation of the 2017-2019 Philippine Open Government Partnership (PH-OGP) National Action Plan. This 2018, a mid-term progress report on its implementation will be released to assess the extent of the government’s collaboration with civil society organizations in delivering its open governance commitments.

A series of regional dialogues will be conducted nationwide from January to March 2018 in order to disseminate information on the OGP and other participatory governance initiatives of the Administration.

**Open Budget Index (OBI)**

Based on the results of the Open Budget Survey (OBS) 2017, the Philippines now ranks first in Asia in terms of budget transparency. The country’s OBI score of 67, three notches up from its score of 64 in the OBS 2015, is significantly higher than the global average of 42.

**Philippines’ OBI score, 2006-2017**

<table>
<thead>
<tr>
<th>Year</th>
<th>Extensive</th>
<th>Substantial</th>
<th>Limited</th>
<th>Minimal</th>
<th>Scant or None</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>51</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>48</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>33</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>48</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>64</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>67</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Enhancing Partnerships with Local Governments to Ensure Sustainable Development**

Local government units (LGUs) are the frontline service providers to the people. Thus, engaging them in the implementation of programs is a strategic way of achieving the country’s development goals.

**PhP31.4 B**

for the Local Government Support Fund

**Conditional Matching Grant to Provinces**

PhP8.5 billion to repair, rehabilitate, and improve provincial roads across the country in order to boost the competency of provinces in local roads management.

**Sagana at Ligtas na Tubig para sa Lahat (SALINTUBIG)**

PhP1.4 billion to provide safe and clean water supply systems to waterless municipalities nationwide. For 2018, it targets to complete projects in 80 municipalities, 171 barangays, and 8 resettlement sites.

**Assistance to Municipalities**

PhP11.9 billion to assist municipal governments in building basic facilities for the citizens, while also increasing their participation in local governance.

**Assistance to Cities**

PhP2.6 billion to fund the establishment and enhancement of eco-friendly infrastructures, such as forest parks, botanical gardens, and bike lanes, among others.
THE BUDGET AND THE ECONOMY

As the economy affects the government’s fiscal policies and actions (e.g., tax and spending decisions), the 2018 Budget carefully considers the following key macroeconomic indicators:

### Fiscal Sensitivity to Key Macroeconomic Indicators, 2016-2018
(in billion Pesos per annum)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Revenues</th>
<th>Disbursements</th>
<th>Budget Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 percentage point increase in real GDP growth</td>
<td>21.6</td>
<td>19.3</td>
<td>21.4</td>
</tr>
<tr>
<td>1 percentage point increase in inflation rate</td>
<td>20.8</td>
<td>18.4</td>
<td>20.7</td>
</tr>
<tr>
<td>1 percentage point increase in merchandise imports</td>
<td>4.3</td>
<td>3.7</td>
<td>4.2</td>
</tr>
<tr>
<td>1 percentage point increase in interest rates</td>
<td>0.6</td>
<td>0.5</td>
<td>1.0</td>
</tr>
<tr>
<td>1 percentage point increase in London Interbank Offered Rates (180 Days)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1 Peso depreciation in foreign exchange rate</td>
<td>10.5</td>
<td>9.2</td>
<td>9.5</td>
</tr>
</tbody>
</table>

1/ For the definition of these indicators, please refer to the Glossary of Terms on p. 43.
2/ A negative figure in the budget balance means an increase in deficit.

### Macroeconomic Assumptions, 2018-2022

<table>
<thead>
<tr>
<th>Parameters</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP Growth (%)</td>
<td>7.0-8.0</td>
<td>7.0-8.0</td>
<td>7.0-8.0</td>
<td>7.0-8.0</td>
<td>7.0-8.0</td>
</tr>
<tr>
<td>Inflation (%)</td>
<td>2.0-4.0</td>
<td>2.0-4.0</td>
<td>2.0-4.0</td>
<td>2.0-4.0</td>
<td>2.0-4.0</td>
</tr>
<tr>
<td>364-Day Treasury Bill Rate (%)</td>
<td>2.5-4.0</td>
<td>2.5-4.0</td>
<td>2.5-4.0</td>
<td>2.5-4.0</td>
<td>2.5-4.0</td>
</tr>
<tr>
<td>FOREX (PhP/US$)</td>
<td>49-52</td>
<td>49-52</td>
<td>49-52</td>
<td>49-52</td>
<td>49-52</td>
</tr>
<tr>
<td>LIBOR, 180 days (%)</td>
<td>1.5-2.5</td>
<td>2.0-3.0</td>
<td>2.0-3.0</td>
<td>2.0-3.0</td>
<td>2.0-3.0</td>
</tr>
<tr>
<td>Dubai Oil (US$/bl)</td>
<td>50-65</td>
<td>50-65</td>
<td>50-65</td>
<td>50-65</td>
<td>50-65</td>
</tr>
<tr>
<td>Exports&lt;sup&gt;2/&lt;/sup&gt;</td>
<td>8.0</td>
<td>8.0</td>
<td>8.0</td>
<td>8.0</td>
<td>8.0</td>
</tr>
<tr>
<td>Imports&lt;sup&gt;2/&lt;/sup&gt;</td>
<td>9.0</td>
<td>9.0</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
</tbody>
</table>

<sup>1/</sup> Assumptions and targets adopted by the Development Budget Coordination Committee (DBCC) on December 22, 2017
<sup>2/</sup> Per Philippine Statistics Authority
THE FISCAL PROGRAM

To support the country’s sustained growth momentum and fund the government’s expenditure priorities, the Duterte Administration continues its sustainable expansionary fiscal policy — ensuring that revenues are improved while the size of debt as a percentage of GDP is reduced.

The Fiscal Program 2016-2022
(in billion Pesos)

The Fiscal Program 2016-2022
(in billion Pesos)

Debt and Deficit as a Percentage of GDP, 2015-2022

Budget deficit occurs when government spending exceeds revenues. Despite the expansionary fiscal policy of the Duterte Administration, the declining debt-to-GDP ratio means that the economy has the necessary resources to service its debt. Since the deficit spending is focused more on capital investments such as roads, school buildings, and airports, it will benefit both the present and future generations. From 44.7% in 2015, the country’s debt level for 2018 is expected to decline to 40.5%, which is near the internationally-acceptable stable and prudent level of 40% for developing countries.

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To sustain the government’s massive investments in public infrastructure and social services, the 2018 Budget is supported by an increasing level of revenues, from PhP2.388 trillion in 2017 to PhP2.789 trillion this year. As a share of GDP, this represents 15.9% from only 15.7% in 2017.

Of the PhP2.789 trillion total revenues for 2018, PhP2.62 trillion, or 93.9% comes from taxes. Non-tax revenues, on the other hand, contribute PhP166.8 billion, while an additional PhP2.0 billion is expected to be raised from the proceeds from privatization. The total revenues for 2018 already considered the expected revenues from the Tax Reform for Inclusion and Acceleration (TRAIN) Program, including the impact of the lowering of personal income taxes.

*Figures may not add up due to rounding off
To fund the President’s priority social services and infrastructure programs, the Tax Reform for Acceleration and Inclusion (TRAIN) Law aims to raise significant revenues of PhP688.4 billion¹ over five (5) years.

What is TRAIN?

Starting January 1, 2018, the Tax Reform for Acceleration and Inclusion, or simply TRAIN, will transform the current complex and unjust tax system to one that is simpler, fairer, and more efficient. TRAIN will increase revenue collections to fund infrastructure and social services spending without putting pressure on low-income families and individuals.

Why TRAIN?

Of the total gains from TRAIN, 70% will fund infrastructure projects (e.g., Build, Build, Build Program), while 30% will go to social services (e.g., programs for sugar farmers, social mitigating measures).

Features of TRAIN*

- Reduction of the income taxes for 99% of income taxpayers (the 13th month pay and other bonuses amounting to PhP90,000 are likewise tax-exempt)
- Broadening of the consumption tax base
- Promotion of a healthier lifestyle as sugar-sweetened beverages are taxed
- Protection of the environment by increasing the excise tax on dirty fuel
- Updating of the excise tax on automobiles, coal, cosmetics, and cigarettes

*For more details, please visit http://www.dof.gov.ph/taxreform/index.php/downloadables/

Major infrastructure projects to be funded by TRAIN

- **Pave**
  - 14,187 km national roads
  - 30,209 km local gravel roads

- **Provide roads access in**
  - 7,834 isolated barangays
  - 23,293 isolated sitios

- **Irrigate**
  - 1.3 million ha of farm lands

- **Health and Education**
  - 100% enrollment and completion rates for all levels
  - 113,553 classrooms built
  - 181,980 teachers hired
  - 25 hospitals established
  - 104 local hospitals upgraded

**PhP25.7 B**

Cash transfers of PhP200 per month for the poorest 10 million households to offset the moderate but temporary increase in prices.

¹The DBCC-approved levels do not yet consider additional revenues as a result of the President’s Veto message.
2018 BUDGET DIMENSIONS
BY FUNCTION/SECTOR (USING COFOG*)

General Public Services
This represents expenditures for general administration such as lawmaking, fiscal management, foreign affairs, governance, and other regulatory services.

Economic Affairs
This includes the allocations for the government’s activities that promote economic growth, competitiveness of industries, and job creation.

Public Order and Safety
This includes allocations for police and fire protection services, law courts, and prisons.

Defense
This includes military defense, foreign military aid, civil defense, and defense against cybercrimes, among others.

Recreation, Culture and Religion
These are expenditures for services focused on recreation and sports, culture, publishing, and religion, among others.

2018: PhP1,378.7 B
(36.6%)*

2018: PhP693.0 B
(18.4%)*

2018: PhP195.4 B
(5.2%)*

2018: PhP127.4 B
(3.4%)*

2018: PhP6.6 B
(0.2%)*

Figures may not add up due to rounding off
* Percentage share of the total budget
Government expenditures can be classified using the Classification of the Functions of Government (COFOG) which looks at the detailed functions of agencies. Unlike the old system, COFOG takes into consideration the nature of expenditure of the agency rather than its contribution to the sector where the agency belongs. It identifies 10 sectors or functions of government, namely: (1) General Public Services, (2) Defense, (3) Public Order and Safety, (4) Economic Affairs, (5) Environmental Protection, (6) Housing and Community Amenities, (7) Education, (8) Health, (9) Social Protection, and (10) Recreation, Culture, and Religion. The first five sectors benefit the entire society while the last five are focused on individuals, most especially the marginalized.

COFOG enables the government to compare and report data on expenditures across countries adopting the same functional classifications.

**Education**
This covers pre-primary and primary education, secondary and tertiary education, and school buildings, among others.

**Social Protection**
This refers to government welfare spending that protects individuals from loss or interruption of income and for special expenditures due to birth, marriage, or death.

**Health**
This covers expenditures for hospitals, outpatient and public health services, health insurance, and research and development on health.

**Environmental Protection**
This covers expenditures for waste management, pollution control and abatement, protection of biodiversity and landscape, among others.

**Housing and Community Amenities**
These are housing benefits and provisions for community amenities such as potable water supply and street lighting.

**2018: PhP705.8 B**
**(18.7%)**

**2018: PhP458.7 B**
**(12.2%)**

**2018: PhP172.8 B**
**(4.6%)**

**2018: PhP22.6 B**
**(0.6%)**

**2018: PhP6.1 B**
**(0.2%)**
The sectoral allocation of the 2018 Budget clearly reflects the priorities of the Duterte Administration. Social Services corners the largest share at 37.8% or PhP1,425.7 billion. This increases the access to quality social protection programs and public services such as education, health, housing, and employment. The share of economic services, on the other hand, further expands to 30.6% from 27.5% in 2017, consistent with the government’s massive infrastructure program dubbed Build, Build, Build.

---

**2018 Budget Dimensions**

*By Sector (Old System)*

Debt burden, as a share of the total budget, continues to decline from 10.5% in 2017 to only 9.8% for 2018, thereby increasing the resources for priority expenditures.
The 2018 Budget can also be broken down according to the general classification of expenditures, namely: Personnel Services (PS), Maintenance and Other Operating Expenses (MOOE), Financial Expenses (FinEx), and Capital Outlays (CO).

Budget By Expense Class, 2015-2018
(in billion Pesos)

**PS**
- **2018:** PhP1,060.5 B
- **2015:** 746.0
- **2016:** 811.8
- **2017:** 990.5

This is for the payment of salaries, wages, and other compensation (e.g., merit increases, salary increases, cost-of-living-allowances, honoraria, and commutable allowances) of permanent, temporary, contractual, and casual employees of the government. For 2018, the 7.1% increase in the budget for PS is mainly due to the creation of teaching and policeman positions, salary increase for military/uniformed personnel, and the implementation of the third tranche of the salary increase for civilian personnel.

**MOOE**
- **2018:** PhP342.4 B
- **2015:** 943.9
- **2016:** 1,013.1
- **2017:** 1,229.2

This supports the operations of government agencies, including expenses for supplies and materials; transportation and travel; utilities (water, power, etc.) and repairs, among others. Major program allocations include the enhancement of the Conditional Cash Transfer Program, procurement of 81,201 new school seats and acquisition of 34.68 million textbooks, subsidy contributions to Government-Owned and/or -Controlled Corporations (GOCCs) and transfers to LGUs.

**CO**
- **2018:** PhP1,008.4 B
- **2015:** 541.6
- **2016:** 692.4
- **2017:** 793.4

This includes expenditures for the purchase of goods and services, the benefits of which extend beyond the fiscal year, and which add to the assets of the government, such as construction of roads and bridges. The allocations for CO represent a 27.1% increase from the previous year, primarily to fund the government’s flagship Build, Build, Build Program.

**FinEx**
- **2018:** PhP355.7 B
- **2015:** 374.5
- **2016:** 394.5
- **2017:** 336.9

This refers to management supervision/trusteeship fees, interest expenses, guarantee fees, bank charges, commitment fees, and other financial charges incurred by the agencies when owning or renting an asset or property or availing of financial services.

As a share of the total budget, allocations for non-productive expenditures (debt service payments) remain in check and are declining, while the productive portion of the budget like investment spending on roads and airports continues to increase from 20.8% in 2015 to 26.8% in 2018.
Some PhP2.754 trillion, or about 73.1% of the total PhP3.767 trillion budget, is allocated directly to the regions, to ensure that growth will take place even in the provinces, especially in the rural areas. This is 37.7% higher than the 2017 allocation of PhP2.0 trillion.

The non-regionalized budget is composed of nationwide and central office allocations. Nationwide allocations are allocations still to be distributed to the various regions of the departments/agencies and multi-users of special purpose funds such as the Allocation to LGUs, Pension and Gratuity Fund, and National Disaster Risk Reduction and Management Fund. This allocation also includes the Debt Service Fund. Central Office allocations, on the other hand, are funds being managed by the Head Office of departments/agencies for their respective units.
For 2018, national government agencies (NGAs) receive PhP2,634.2 billion, representing 69.9% of the 2018 Budget and a 14.5% increase from last year’s budget.

Subsidy to GOCCs, on the other hand, amounts to PhP197.6 billion, or 27.6% higher compared to its level of PhP154.9 billion in 2017. The bulk of the increase is attributed to the: a) implementation of the targeted cash transfer program for poor families through the Landbank to cushion the inflationary impact of the TRAIN Program; b) increased coverage of senior citizens from six months to one year by the Philippine Health Insurance Corporation (PhilHealth); and c) subsidy for the Public Utility Vehicle (PUV) Modernization Program.

The support to local government units (LGUs) represents 15.4%, or PhP581.2 billion, of the budget, which is 3.8% higher than the PhP560.0 billion allocation in 2017. The largest component of this is the PhP522.7 billion Internal Revenue Allotment (IRA).
Special Purpose Funds (SPFs) refer to the seven (7) Funds in the Budget that are set aside for particular purposes. For 2018, SPFs amount to PhP1,406.6 billion, or 6% higher than the 2017 level of PhP1,321.6 billion. These cover both disaggregated funds and lump sums.

**Types of SPFs**

<table>
<thead>
<tr>
<th>Types of SPFs*</th>
<th>(% Share)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automatic Appropriations</td>
<td>64%</td>
</tr>
<tr>
<td>Disaggregated SPFs</td>
<td>34%</td>
</tr>
</tbody>
</table>

**Automatic Appropriations 64%**

PhP896.4 B

Automatic Appropriations are expenditures which do not require annual approval by Congress, having been designated as automatic appropriations by law.

- Internal Revenue Allotment: PhP 522.8 B
- Tax Expenditure Fund: PhP 19.5 B
- Debt Service-Interest Payment: PhP 354.0 B

**Disaggregated SPFs 34%**

PhP477.3 B

Disaggregated SPFs are funds broken down into specific items and purposes for greater transparency.

- Budgetary Support to Government Corporations: PhP 197.6 B
- Allocations to LGUs (Special Shares, LGSF and MMDA)**: PhP 58.1 B
- Miscellaneous Personnel Benefits Fund: PhP 99.4 B
- Pension and Gratuity Fund: PhP 122.2 B

**Lump-Sum Funds 2%**

PhP32.9 B

The remaining lump-sum allocations refer to funds in the budget that cannot be broken down during budget preparation and legislation, particularly those set aside for unforeseen events.

- National Disaster Risk Reduction and Management (NDRRM) Fund: PhP 19.6 B
- Contingent Fund: PhP 13.0 B
- Allocation to LGUs (death benefits of barangay officials, share in the Fire Code Fees): PhP 0.3 B

**TOTAL: PhP1,406.6 B**

*Figures may not add up due to rounding off.

** Special Shares of LGUs in the Proceeds of National Taxes, Local Government Support Fund, and Metropolitan Manila Development Authority
The 2018 Budget is supported by New General Appropriations of PhP2,861.5 billion, accounting for 74.5% of total expenditures, and Automatic Appropriations of PhP980.8 billion.

New General Appropriations refer to that portion of the National Budget submitted annually to Congress for approval. These appropriations consist of the Programmed New General Appropriations and the Unprogrammed New General Appropriations.

Programmed New General Appropriations
- PhP2,786.2 B
  - Departments: PhP2,294.7 B
  - SPF: PhP491.5 B

Unprogrammed New General Appropriations
- PhP75.3 B
  - Of which:
    - Risk Management Program: PhP23.4 B
    - Support for Infrastructure Projects and Social Programs: PhP13.7 B
    - AFP Revised Modernization Program: PhP5.0 B
    - Bangon Marawi Fund: PhP5.0 B

Automatic Appropriations
- PhP980.8 B
  - Internal Revenue Allotment: PhP522.7 B
  - Debt Service-Interest Payment: PhP354.0 B
  - Others*: PhP104.0 B

*Retirement and Life Insurance Premiums, PhP42.6 B; Tax Expenditures, PhP19.5 B; Special Accounts, PhP25.1 B; and Pensions for Spouses of Ex-Presidents, PhP480 M.

Percentage change, 2017-2018
- Programmed New General Appropriations: ↑14.6%
- Unprogrammed New General Appropriations: ↑11.6%
- Automatic Appropriations: ↑6.8%
FULFILLMENT OF THE PRESIDENT’S PROMISES

The 2018 Budget represents the fulfillment of the campaign promises of President Duterte.

I. Universal Access to Quality Tertiary Education

Through the 2018 Budget, the Administration addresses the disparities in educational opportunities and access to quality higher education through the Universal Access to Quality Tertiary Education (UAQTE) Program.

**PhP40.0 B**

For the UAQTE to provide free tuition for college students in State Universities and Colleges and more (see details below).

**Free Tuition 2017 vs UAQTE 2018**

<table>
<thead>
<tr>
<th>Free tuition in SUCs only</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2017</td>
</tr>
<tr>
<td>PhP8.3 B</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Universal Access to Quality Tertiary Education 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018</td>
</tr>
<tr>
<td>PhP40.0 B</td>
</tr>
</tbody>
</table>

Free Higher Education

Free tuition for all courses/subjects/classes in SUCs and LUCs\(^1\), including free miscellaneous and other school fees defined by law

Free Technical and Vocational Education and Training

Free training and training-related expenses: living allowance, starter toolkit, cost of accreditation

Tertiary Education Subsidy

Tuition and other fees for private HEIs, including other educational expenses\(^2\)

Student Loan Program

Loan proceeds for educational purposes

---

**II. Doubling the Salaries of Military and Uniformed Personnel**

With the approval by Congress of Joint Resolution No. 1 on January 1, 2018, President Duterte fulfilled his promise of increasing the base pay of military and uniformed personnel (MUP) estimated to cost PhP64.2 B.

**Provision of Hazard Pay**

**PhP540**/month

**Average raise for all MUP ranks**

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>58.7%</td>
</tr>
<tr>
<td>2019</td>
<td>72.2%</td>
</tr>
</tbody>
</table>

The first round of increases has been effective since January 1, 2018. The second round will become effective on January 1, 2019.
III. Free Irrigation Services for All

The 2018 Budget ensures the fulfillment of the President’s commitment to provide free irrigation for small farmers.

PhP41.7 B For the National Irrigation Administration (NIA) to ensure the development, restoration, repair, and rehabilitation of climate-resilient irrigation systems nationwide

Free Irrigation Service Act

On February 2, 2018, the President signed Republic Act No. 10969, or the Free Irrigation Service Act, which exempts farmers who own eight (8) hectares of land or less from paying irrigation service fees (ISF). The Law also condones the unpaid ISFs and the corresponding penalties on loans of farmers with the National Irrigation Administration.

Subsidy for Irrigation Service Fees

To cover the cost of free irrigation services for farmers

PhP2.0 B

Targets

Percentage increase in the number of farmer beneficiaries with increased productivity

2018: 50%
2017: 20%

No. of hectares irrigated in all cropping seasons

For national irrigation systems

2018: 1,205,557 ha
2017: 1,135,747 ha

For communal irrigation systems

2018: 1,316,753 ha
2017: 1,149,164 ha

National irrigation systems are large and medium schemes operated and maintained by the NIA, while communal irrigation systems are small-scale schemes and constructed with the participation of farmer-beneficiaries through the irrigation associations.

No. of hectares of new service areas developed

2018: 18,447 ha
2017: 16,562 ha

IV. Marawi Rehabilitation and Recovery Program*

To reconstruct damaged houses and infrastructure and address the needs of 465,674 individuals displaced by the war in Marawi

2018: PhP10.0 B
2017: PhP5.0 B

*To be sourced from the PhP25.5 billion NDRRM Fund
Education is the wealth of every nation. As skilled, mobile human capital is considered one of the main drivers of development and economic growth, the government continues to invest in programs, projects, and activities that will make education accessible to every Filipino. The Education Sector is given some PhP672.4 billion for 2018, 2.4% increase from the 2017 budget of PhP656.3 billion.

**BASIC EDUCATION**
Primary and secondary education aim to give children a strong foundation for developing their skills and abilities. For 2018, the Department of Education (DepEd) has been allocated a budget of PhP580.6 billion.

### Basic Educational Facilities
- Construction of 28,170 classrooms
- Procurement of 81,201 sets of school seats
- Repair and rehabilitation of 6,800 classrooms

### Manpower
- Creation of 81,100 teaching positions
  - (K-to-10 program: 78,924; Special Education: 1,944; Senior High School: 232)
- Creation of 140 non-teaching positions

### Learning Resources
- 34.68 million books
- 3,740 Science and Mathematics equipment
- 4,000 e-textbook packages
- 18,969 Technical-Vocational Tools and Equipment

### Health and Nutrition Services
PhP5.3 billion for the school-based Feeding Program. This will benefit:
- 1.8 million severely wasted and wasted students (those with low weight in relation to height)

### Government Assistance and Benefits for Students and Teachers
PhP26.3 billion to provide financial aid to:
- 2,327,687 students
- 41,659 teachers participating in the Teacher Salary Subsidy Program

### 2018 Targets of the DepEd

#### Net Enrolment Rate
The number of students in the theoretical age group for a given education level as a percentage of the total number of population in that age group.

- Kindergarten: Baseline (2015) 74.65% | Target 83.37%
- Elementary: Baseline (2015) 91.05% | Target 92.74%
- Junior High School: Baseline (2015) 68.15% | Target 71.27%

#### Completion Rate
is the percentage of students who have completed an education level in the required number of years of study.

- Kindergarten: Baseline (2015) 91.05% | Target 92.74%
- Elementary: Baseline (2015) 68.15% | Target 71.27%
- Junior High School: Baseline (2015) 83.43% | Target 86.25%
To meet the challenges of globalization, the government continues to invest in higher and technical-vocational education in order to boost the quality of its manpower, and raise productivity and employment in the country.

Tertiary Education:

To improve the quality of education and the employability of graduates, a total of PhP115.7 billion is allotted to fund the Tertiary Education Sector for 2018. State universities and colleges (SUCs) get an allocation of PhP65.2 billion, 6.2% more than the 2017 level of PhP61.4 billion. The Commission on Higher Education gets a budget of PhP50.5 billion for 2018, a hefty increase from the 2017 budget of PhP19.6 billion to implement the UAQTE.

Student Financial Assistance Programs

PhP5.4 billion to assist 420,553 students

Tulong Dunong Program
PhP4.2 billion to provide scholarships for 359,459 students

K-to-12 Transition Program
PhP2.8 billion to cover:
- 3,556 scholarships for graduate studies
- 110 development grants for faculty and staff
- 234 institutional and innovation grants

For more information on how one can avail of these scholarship programs, please visit www.tesda.gov.ph/educ/.

TECHNICAL-VOCAUTIONAL EDUCATION

PhP7.6 billion for the Technical Education and Skills Development Authority (TESDA), a 12% increase from its budget of PhP6.8 billion in 2017

Training for Work Scholarship Program (TWSP): PhP2.8 billion
No. of enrollees: 262,575
No. of graduates: 236,318

Special Training for Employment Program (STEP): PhP0.9 billion
No. of beneficiaries: 61,581

Private Education Student Financial Assistance (PESFA):
PhP0.2 billion
No. of beneficiaries: 11,111

For more information on how one can avail of these scholarship programs, please visit www.tesda.gov.ph/educ./
Good health is a key factor in the development of every citizen’s full potential and productivity. Thus, the government continues its efforts in ensuring that all its citizens, especially those from low income families, have access to the quality health services that they need.

For 2018, a budget of **PhP179.4 billion** is provided for the Health Sector, a 13.3% increase from the 2017 budget of PhP158.3 billion. PhP109.8 billion of this total goes to the Department of Health (DOH) for the following programs:

### National Health Insurance Program
**PhP60.6 billion** to provide affordable and accessible health insurance for:
- 15.4 M poor families (PhP2,400/family)
- 5.4 M senior citizens (PhP3,120/senior citizen)
- 25,514 families under the PAyapa at MAsaganang Pamayag NAn (PAMANA) Program (PhP2,400/family)
- 22,709 beneficiaries under the Bangsamoro Program (PhP2,400/family)

### National Immunization Program
**PhP7.4 billion** to fund the following:
- Pneumococcal vaccinations for infants and senior citizens
- Full immunization of 2.7 million infants against hepatitis B, measles, rubella, polio, Japanese encephalitis, etc.
- Immunization of Grades 1 to 7 students against measles, rubella, tetanus, and diphtheria
- Immunization of pregnant women against tetanus and diphtheria

### Human Resources for Health Deployment Program
**PhP10.0 billion** to address the need for more health personnel in far-flung or hard-to-reach communities. This Program targets to achieve a ratio of 17 Human Resources for Health (HRH) per 10,000 population this year by hiring the following:
- 446 doctors
- 3,108 midwives
- 20,527 nurses
- 324 dentists

### Prevention and Control of Infectious Diseases
**PhP2.9 billion** to provide prevention services, testing, and treatment of infectious diseases such as dengue, malaria, schistosomiasis, leprosy, filariasis, and HIV/AIDS, among others

### Tuberculosis Control Program
**PhP785 million** to ensure a 90% TB case detection rate and TB treatment success rate, and reduce TB incidence to 225 per 100,000 in 2022 from 322 in 2015
Health Facilities Operation Program

**PhP27.6 billion**, of which **PhP18.1 billion** will go to the operations of DOH regional hospitals and other health facilities.

Health Facilities Enhancement Program (HFEP)

**PhP30.3 billion** to provide funds for the:
- Construction of 1,291 new Barangay Health Stations (BHSs)
- Construction of 86 new Rural Health Units (RHUs), and completion and equipping of 508 RHUs, Urban Health Centers (UHCs), and City Health Offices (CHOs)
- Improvement of the facilities of 461 hospitals and polyclinics

Regional Allocation for Major Projects* under HFEP (in thousand Pesos)

<table>
<thead>
<tr>
<th>REGION</th>
<th>BHSs</th>
<th>RHUs, UHCs, CHOs</th>
<th>HOSPITALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAR</td>
<td>171,143</td>
<td>64,478</td>
<td>553,519</td>
</tr>
<tr>
<td>Region I</td>
<td>168,400</td>
<td>211,600</td>
<td>347,180</td>
</tr>
<tr>
<td>Region II</td>
<td>129,799</td>
<td>147,265</td>
<td>685,759</td>
</tr>
<tr>
<td>Region III</td>
<td>182,528</td>
<td>85,360</td>
<td>1,172,674</td>
</tr>
<tr>
<td>NCR</td>
<td></td>
<td>156,671</td>
<td>2,327,338</td>
</tr>
<tr>
<td>Region IV-A</td>
<td>130,100</td>
<td>28,500</td>
<td>449,746</td>
</tr>
<tr>
<td>MIMAROPA</td>
<td>18,400</td>
<td>391,894</td>
<td>590,586</td>
</tr>
<tr>
<td>Region V</td>
<td>251,620</td>
<td>368,247</td>
<td>1,125,985</td>
</tr>
<tr>
<td>Region VI</td>
<td>110,200</td>
<td>180,700</td>
<td>1,493,228</td>
</tr>
<tr>
<td>Region VII</td>
<td>595,100</td>
<td>341,800</td>
<td>1,097,814</td>
</tr>
<tr>
<td>Region VIII</td>
<td>100,800</td>
<td>4,450</td>
<td>134,808</td>
</tr>
<tr>
<td>Region IX</td>
<td>53,750</td>
<td>186,500</td>
<td>743,271</td>
</tr>
<tr>
<td>Region X</td>
<td>267,857</td>
<td>50,800</td>
<td>1,065,665</td>
</tr>
<tr>
<td>Region XI</td>
<td>129,100</td>
<td>29,000</td>
<td>620,250</td>
</tr>
<tr>
<td>Region XII</td>
<td>340,648</td>
<td>58,950</td>
<td>894,453</td>
</tr>
<tr>
<td>CARAGA</td>
<td>182,537</td>
<td>49,587</td>
<td>517,572</td>
</tr>
<tr>
<td>ARMM</td>
<td>60,598</td>
<td>10,900</td>
<td>600,336</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,023,891</td>
<td>2,366,702</td>
<td>14,420,184</td>
</tr>
</tbody>
</table>

* Excluding Polyclinics and Other Health Units
The sectors that are most vulnerable to economic shocks are also the groups with the highest incidence of poverty, namely, children (34.1%), women (22.5%), and senior citizens (13.2%). The Duterte Administration puts a premium on providing benefits to these targeted Filipino individuals and households to help them cope with circumstances that threaten their welfare.

Reflecting the government’s commitment to provide social protection to these groups, the Department of Social and Welfare Development (DSWD) has been allotted a 2018 budget of PhP142 billion, an increase of 10.59% from the 2017 budget of PhP128.4 billion.

**Protection for the Poor**

- **Conditional Cash Transfer (CCT) Program**
  - PhP89.4 billion to provide educational grants, livelihood assistance, and health services to:
    - **4.4 million poor families** (Regular CCT)
    - **235,289 beneficiaries** (Modified CCT)

- **Sustainable Livelihood Program**
  - PhP5.1 billion for poor households to develop their entrepreneurial and labor skills. For 2018, this program will help:
    - **153,551 beneficiaries**

- **Kalahi-CIDSS National Community-Driven Development Program**
  - PhP5.4 billion to involve communities in local government planning and budgeting to enhance their access to public services. It targets to complete 2,705 sub-projects in 5,551 barangays across 15 regions in 2018.
Protection for Senior Citizens

Social Pension for Indigent Senior Citizens
PhP19.3 billion to provide a monthly stipend of PhP500 for 3 million indigent senior citizens

Implementation of the Centenarians Act
PhP190 million to provide for a one-time cash reward of PhP100,000 to 1,895 senior citizens aged 100 and up

Protection for Children

Supplementary Feeding Program
PhP3.4 billion to improve the nutritional status of children aged five (5) years and below by serving nutritious meals to:
- 1,746,199 daycare children

Bangsamoro Umpungan sa Nutrisyon (BangUN)
PhP156 million to address the nutritional needs of 7,000 underweight children in the ARMM. This program will ensure culturally-appropriate indigenous food for:
- 1,000 pregnant women
  (including teenage mothers)
- 1,000 lactating mothers
  (including teenage mothers)
- At least half of 7,000 parents who are unemployed or underemployed
- Some 75 barangays and 40 municipalities in need of technical support for sustainable nutrition intervention

Protection for Overseas Filipinos (OFs)

Social Protection and Welfare of Overseas Filipinos
PhP627 million to facilitate the generation of decent jobs and promote the protection of OFs

Services to Distressed OFs
PhP90 million to help OFs who are victims of injustice, abuse, and external shocks

Reintegration Program for OFs
PhP100 million to assist returning OFs in creating their own businesses to support their daily needs
With a budget of ₱103.5 billion for the Agriculture, Forestry, and Fisheries (AFF) Sector, the Duterte Administration stays committed to uplift the lives of farmers and fisherfolk who are among the poorest in the country.

Poverty Incidence of Farmers and Fisherfolk

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fishermen</td>
<td>39.2</td>
<td>34.0</td>
</tr>
<tr>
<td>Farmers</td>
<td>38.3</td>
<td>34.3</td>
</tr>
</tbody>
</table>

To revitalize the country’s agricultural sector, the Department of Agriculture (DA) is provided a higher budget of ₱59.8 billion¹ to help feed more than 100 million Filipinos.

¹ Per GAA inclusive of Government-Owned and/or -Controlled Corporations (GOCCs)

### Agricultural Commodity Programs

- **Rice Program = PhP11.8 B**
  - Increase rice yield to 19.79 million metric tons (MMT)
  - 2017: PhP9.7 B → 18.57 MMT

- **Corn Program = PhP3.0 B**
  - Expand production of yellow corn to 8.87 MMT
  - 2017: PhP2.8 B → 8.45 MMT

- **Fisheries Program = PhP4.6 B**
  - Increase the production of fish and other aquatic produce
  - Commercial: 1.06 MMT 2018, 1.04 MMT 2017
  - Municipal: 1.15 MMT 2018, 1.14 MMT 2017
  - Aquaculture: 2.42 MMT 2018, 2.31 MMT 2017

- **High Value Crops Program = PhP3.6 B**
  - Raise investments in high value commercial crops
  - Coffee: 2018: 0.052 MMT, 2017: 0.044 MMT
  - Cacao: 2018: 0.027 MMT, 2017: 0.019 MMT
  - Pineapple: 2018: 2.822 MMT, 2017: 2.74 MMT
  - Mango: 2018: 0.986 MMT, 2017: 0.96 MMT
  - Rubber: 2018: 0.262 MMT, 2017: 0.23 MMT

- **Livestock Program = PhP2.7 B**
  - Provide a competitive alternate source of income through livestock production
  - 2018: 1.79 MMT, 2017: 1.89 MMT

- **National Food Authority = PhP7.0 B**
  - Ensure the availability of rice especially during lean seasons through the Buffer Stocking Program
  - 388,889 metric tons of palay to be procured
Every country should allot at least 1% of GDP to sustain agricultural productivity\(^1\). To meet this requirement, the government invests in various research, infrastructure, and financing programs to increase the gains of farmers and fisherfolk and minimize their losses.

### Financial Assistance

**PhP1.1 B**

**Farmers and Fisherfolk Quick Credit Program**

To provide a targeted 80,200 beneficiaries with access to affordable credit via provision of non-collateralized loans for agri-fishery production.

**PhP3.5 B**

**Crop Insurance Program**

To cover the insurance protection of a targeted 1,820,033 farmers and fisherfolk against risks brought about by natural disasters, plant diseases, and pest infestations.

### Infrastructure

**PhP11.7 B**

**Farm-to-Market Roads**

Construct 1,169 km of roads in 2018.

**PhP4.2 B**

**Mechanization and Post-Harvest Facilities**

Provide farmers with agricultural equipment and facilities for mechanization and postharvest purposes, such as storage areas, hauling trucks, tractors, and combine harvesters and transplanters.

**PhP40.9 B**

**Construction of Irrigation Systems**

Fund the development, restoration, and repair of climate-resilient irrigation systems through the National Irrigation Administration (NIA).

- **Dry Season:** 582,898 hectares (ha)
- **Target:** 580,050 farmer beneficiaries
- **Wet Season:** 613,193 ha

### Research and Development (R&D)

**PhP1.0 B**

DOST’s Philippine Council for Agriculture, Aquatic, and Natural Resources Research and Development

Fund 262 projects and address 90% of research priorities involving the AFF sector in the Harmonized R&D Agenda.

**PhP1.2 B**

**Bureau of Agricultural Research**

Lead and coordinate R&D on agriculture and fisheries in the country.

**PhP115 M**

**Forest Products Research and Development Institute**

Conduct R&D and generate technology and information on forest-based products.

### Regional Allocations for Farm-to-Market Roads (in million Pesos)

<table>
<thead>
<tr>
<th>Region</th>
<th>Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAR (Cordillera Administrative Region)</td>
<td>336</td>
</tr>
<tr>
<td>Region I - Ilocos Region</td>
<td>679</td>
</tr>
<tr>
<td>Region II - Cagayan Valley</td>
<td>522</td>
</tr>
<tr>
<td>Region III - Central Luzon</td>
<td>1,136</td>
</tr>
<tr>
<td>Central Office</td>
<td>175</td>
</tr>
<tr>
<td>Region IV-A - CALABARZON</td>
<td>878</td>
</tr>
<tr>
<td>MIMAROPA</td>
<td>527</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region V - Bicol Region</td>
<td>735</td>
</tr>
<tr>
<td>Region VI - Western Visayas</td>
<td>1,149</td>
</tr>
<tr>
<td>Region VII - Central Visayas</td>
<td>659</td>
</tr>
<tr>
<td>Region VIII - Eastern Visayas</td>
<td>484</td>
</tr>
<tr>
<td>Region IX - Zamboanga Peninsula</td>
<td>380</td>
</tr>
<tr>
<td>Region X - Northern Mindanao</td>
<td>550</td>
</tr>
<tr>
<td>Region XI - Davao Region</td>
<td>685</td>
</tr>
<tr>
<td>Region XII - SOCCSKSARGEN</td>
<td>568</td>
</tr>
<tr>
<td>Region XIII - CARAGA</td>
<td>496</td>
</tr>
</tbody>
</table>

### Expedite Land Reform

One of the ten basic needs of the poor is land reform\(^2\). To fast-track the distribution of land to farmers and provide other basic support services, the Department of Agrarian Reform (DAR) is given PhP9.9 billion for 2018.

**PhP2.2 B**

**Land Acquisition and Distribution Program**

53,841 ha of land with registered Emancipation Patents and Certificate of Land Ownership Awards

46,072 agrarian reform beneficiaries

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\(^1\) United Nations Educational, Scientific, and Cultural Organization

\(^2\) National Anti-Poverty Commission
The Industry and Services Sectors remain the drivers of economic growth. With the current labor force participation rate of 60.6%, more than half, or 77.4% of the employed Filipinos, are working in these two sectors. Moreover, among the major sectors in the country, Industry and Services had the fastest growth in 2017, with 7.2% and 6.7%, respectively.

With a budget of PhP6.0 billion in 2018, a 25% increase from its 2017 allocation of PhP4.8 billion, the Department of Trade and Industry (DTI) will continue developing micro, small, and medium enterprises (MSMEs) to sustain the country’s inclusive growth. This will be achieved through:

1. **As of July 2017**

---

### Establishment of Negosyo Centers

**2018: PhP515 million**

To promote the ease of doing business in the country through the establishment of more Negosyo Centers, which serve as one-stop shop facilities for the processing of requirements and registration of businesses.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2018 Targets</th>
<th>2017 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Negosyo Centers to be established</td>
<td>150*</td>
<td>150</td>
</tr>
<tr>
<td>Number of Negosyo Centers to be maintained/sustained</td>
<td>597**</td>
<td>299</td>
</tr>
<tr>
<td>Number of clients to be assisted</td>
<td>500,000</td>
<td>15,000</td>
</tr>
</tbody>
</table>

* Figure includes basic, advanced, and full service Negosyo Centers

** As of December 31, 2017, there are 789 Negosyo Centers

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### Pondo sa Pagbabago at Pag-asenso (P3) Program

**2018: PhP1.0 billion**

For the Small Business Corporation to provide MSMEs with an alternative source of financing at a reasonable cost in order to boost the development of the MSME Sector.
Investment Promotion Program

2018: PhP140 million
To draw more investments in the country by implementing programs, activities, and projects focused on the promotion of local and foreign investments.

One Town, One Product (OTOP): Next Generation

2018: PhP100 million
To help localities and communities develop their own native products to further boost inclusive local economic growth.

- Targets to assist 6,000 MSMEs nationwide
- To develop at least five (5) products per province

Comprehensive Automotive Resurgence Strategy (CARS) Program

2018: PhP34 million
To revive the country’s automotive industry and develop the country as a regional automotive manufacturing hub, incentives and fixed investment support will be provided to participating car makers for manufacturing at least 600,000 units of three models over a 6-year program period, and the production of body shell and large plastic parts. This Program will generate:

- 67,500 additional jobs
- PhP7.6 billion in government revenues in terms of VAT, withholding taxes, excise taxes, and import taxes
- PhP7.5 billion in investments
MAINTAINING THE FOUNDATIONS FOR SUSTAINABLE DEVELOPMENT
ACCELERATING THE IMPLEMENTATION OF STRATEGIC INFRASTRUCTURE

Vital to a nation’s development is sufficient and quality infrastructure, since excellent roads, ports, airports, bridges, and other infrastructure facilities make the movement of people and goods from areas of production to markets more efficient. Access to lagging regions is also improved, resulting in lower production and transport costs.

In line with its anti-poverty agenda, the Duterte Administration plans to invest more than 5% of GDP on land, sea, and air transport infrastructure, to bring the target infrastructure spending to 7.3% of GDP by 2022.

For 2018, PhP1,068.4 billion is earmarked for the Build, Build, Build Program, accounting for 6.1% of GDP. This will be used to improve and construct roads, railways, airports, and seaports across the nation.

Infrastructure Projects (in billion Pesos)

<table>
<thead>
<tr>
<th>Project</th>
<th>2017</th>
<th>2018 GAA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road Networks</td>
<td>327.6</td>
<td>424.9</td>
</tr>
<tr>
<td>School Buildings</td>
<td>78.6</td>
<td>92.7</td>
</tr>
<tr>
<td>Flood Control Systems</td>
<td>82.0</td>
<td>133.4</td>
</tr>
<tr>
<td>Irrigation Systems</td>
<td>27.5</td>
<td>28.7</td>
</tr>
<tr>
<td>Hospitals and Health Centers</td>
<td>11.3</td>
<td>22.3</td>
</tr>
<tr>
<td>Water Supply Systems</td>
<td>10.0</td>
<td>6.4</td>
</tr>
<tr>
<td>Power Supply Systems</td>
<td>4.8</td>
<td>4.2</td>
</tr>
<tr>
<td>Seaport Systems</td>
<td>2.6</td>
<td>3.5</td>
</tr>
<tr>
<td>Airport Systems</td>
<td>6.8</td>
<td>9.8</td>
</tr>
<tr>
<td>Buildings</td>
<td>35.8</td>
<td>35.3</td>
</tr>
<tr>
<td>Development Fund of LGUs</td>
<td>97.4</td>
<td>104.5</td>
</tr>
<tr>
<td>Reforestation Projects</td>
<td>6.6</td>
<td>7.4</td>
</tr>
<tr>
<td>Railways</td>
<td>22.1</td>
<td>22.3</td>
</tr>
</tbody>
</table>

Target Infrastructure Expenditure, 2017-2022

- Infrastructure Spending (in billion Pesos)
- As a % of GDP
To expand infrastructure development across the country, the government has increased the allocation for infrastructure projects in the regions.

**Regional Breakdown of Infrastructure Outlays, 2017-2018**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2017 GAA</th>
<th>2018 GAA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nationwide¹</td>
<td>108.2</td>
<td>116.6</td>
</tr>
<tr>
<td>Central Office²</td>
<td>382.1</td>
<td>584.1</td>
</tr>
<tr>
<td>Cordillera Administrative Region (CAR)</td>
<td>11.0</td>
<td>11.8</td>
</tr>
<tr>
<td>Region I - Ilocos Region</td>
<td>22.1</td>
<td>20.4</td>
</tr>
<tr>
<td>Region II - Cagayan Valley</td>
<td>15.6</td>
<td>14.1</td>
</tr>
<tr>
<td>Region III - Central Luzon</td>
<td>34.6</td>
<td>34.5</td>
</tr>
<tr>
<td>National Capital Region (NCR)</td>
<td>59.3</td>
<td>71.6</td>
</tr>
<tr>
<td>Region IV-A - CALABARZON</td>
<td>34.3</td>
<td>29.8</td>
</tr>
<tr>
<td>MIMAROPA</td>
<td>15.6</td>
<td>14.0</td>
</tr>
<tr>
<td>Region V - Bicol Region</td>
<td>27.0</td>
<td>23.3</td>
</tr>
<tr>
<td>Region VI - Western Visayas</td>
<td>20.7</td>
<td>20.2</td>
</tr>
<tr>
<td>Region VII - Central Visayas</td>
<td>23.4</td>
<td>20.3</td>
</tr>
<tr>
<td>Region VIII - Eastern Visayas</td>
<td>21.5</td>
<td>21.8</td>
</tr>
<tr>
<td>Region IX - Zamboanga Peninsula</td>
<td>11.5</td>
<td>11.5</td>
</tr>
<tr>
<td>Region X - Northern Mindanao</td>
<td>17.5</td>
<td>16.7</td>
</tr>
<tr>
<td>Region XI - Davao Region</td>
<td>16.2</td>
<td>16.9</td>
</tr>
<tr>
<td>Region XII - SOCCSKSARGEN</td>
<td>11.2</td>
<td>13.5</td>
</tr>
<tr>
<td>Region XIII - CARAGA</td>
<td>11.9</td>
<td>12.1</td>
</tr>
<tr>
<td>Autonomous Region in Mindanao (ARMM)</td>
<td>14.5</td>
<td>15.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>858.1</strong></td>
<td><strong>1,068.4</strong></td>
</tr>
</tbody>
</table>

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

¹Nationwide refers to infrastructure allocations for projects under the multi-user funds that cannot yet be identified during budget preparation. For 2018, these multi-user funds consist of the IRA and the Calamity Fund.

²Central Office consists of infrastructure allocations being managed by the Head Office of departments/agencies.

To expedite the implementation of projects, the Administration is pursuing a “hybrid approach” to the Public-Private Partnership (PPP) system. The government will finance the construction of infrastructure projects, and upon completion, bid out the operation and maintenance to the private sector.

**Public-Private Partnerships**

**Improving Mobility, Connectivity, and Resilience**

- **Asset Preservation** PhP65.2 B
- **Network Development** PhP190.4 B
- **Bridge Program** PhP38.8 B
- **Mindanao Logistics Infrastructure Network** PhP22.3 B
- **Flood Control Program** PhP38.8 B

**As of February 6, 2018**

- 16 PPP projects awarded
- 14 PPP projects in the pipeline

PhP637.9 billion, 36.4% higher than the 2017 allocation of PhP467.7 billion, is provided for the DPWH to ensure safe and reliable national road systems. The DPWH budget will fund the following programs:

- Maintain 631.2 kilometers (km) of roads and rehabilitate/reconstruct/upgrade 400.7 km of damaged national roads
- Construct 1,535.4 km of new roads and widen 1,298.2 km of existing national roads
- Build/replace 5,099.6 lineal meters (lm) of new bridges and maintain and rehabilitate 500 existing bridges
- Improve the logistics infrastructure network in the regions of Mindanao
- Construct 1,936 flood mitigation structures and drainage systems
Upgrading the Public Transport System

**PhP43.6 billion** is earmarked for the Department of Transportation (DOTr) to provide all Filipinos with a safe, affordable, and comfortable public transport system.

### Air Transport

**PhP9.8 B** for the Aviation Infrastructure Program

**PhP1.1 B**
- **Night Rating of Airports**
  - Boost the nighttime landing capacities of airports in Pampanga, Albay, and Agusan del Norte

### Construction/Rehabilitation of Airports

- **PhP900 M**
  - Kalibo International Airport, Aklan
- **PhP900 M**
  - Bicol (New Legaspi) International Airport
- **PhP425 M**
  - Bukidnon Airport
- **PhP386 M**
  - New Bohol (Panglao) International Airport

### Road Transport

Three foreign-assisted Bus Rapid Transit (BRT) projects aim to ease traffic congestion in Metro Manila and Metro Cebu:

- **PhP3.1 B**
  - Cebu Bus Rapid Transit Project (Bulacao-Ayala-Talamban)
- **PhP275 M**
  - Metro Manila BRT Line 1 (Quezon City)
- **PhP300 M**
  - Metro Manila BRT Line 2 (Epifanio Delos Santos Avenue)

### Rail Transport

**PhP22.3 billion** is allotted for rail transport programs for 2018 to increase the target number of weekday passengers by 5% from a baseline of 1.1 million passengers.

- **PhP5.8 B**
  - Mindanao Railway Project Phase I (Tagum-Davao-Digos)
- **PhP3.2 B**
  - North-South Railway Project Phase 2 (PNR South)
- **PhP2.5 B**
  - North-South Commuter Railway (NSCR) Project (PNR North)
- **PhP1.3 B**
  - LRT Line 1 South (Cavite) Extension Project
- **PhP1.0 B**
  - MRT Line 3 Rehabilitation and Capacity Expansion

### Sea Transport

- **PhP5.5 B**
  - For the Maritime Infrastructure Program
- **PhP2.0 B**
  - Maritime Safety Capability Improvement Program
- **PhP71 M**
  - Continuation of the construction of Taganak Port in Turtle Island, Tawi-Tawi
- **PhP60 M**
  - Rehabilitation and improvement of Catbalogan City, Samar Wharf Pier I
- **PhP41 M**
  - Rehabilitation of Maribojoc, Baclayon, and Guindulman Ports in Central Visayas (Region VII)
Enduring peace can only be achieved when the fundamental needs of citizens are met. In line with this, the government vigorously pursues a peace-building agenda, translated into strategic development programs and projects that will focus on conflict-affected and vulnerable communities, particularly in Mindanao.

A Framework for Peace and Development

**PhP7.3 billion** will fund the PAyapa at MAsaganang PamayanAn (PAMANA) Program to help improve governance, reduce poverty, and empower communities distressed by conflict through a focused delivery of infrastructure and basic social services.

Of this total, **PhP5.2 billion** is allotted for the Department of Public Works and Highways (DPWH) for the construction of roads and bridges in conflict-affected areas already identified by the Office of the Presidential Adviser on the Peace Process (OPAPP).

Other PAMANA Projects

- Roads and Bridges (ARMM)
  - 2018: PhP560 M
  - 2017: PhP50

- Community Support (Department of Social Welfare and Development)
  - 2018: PhP1.5 B
  - 2017: PhP1.0 B

- Support to Indigenous Peoples (National Commission on Indigenous Peoples)
  - 2018: PhP8 M
  - 2017: PhP8 M

- Health Insurance Premiums (PhilHealth)
  - 2018: PhP54 M
  - 2017: PhP61 M

- Study Grants (Commission on Higher Education)
  - 2018: PhP19 M
  - 2017: PhP22 M

Ensuring Security in Mindanao

An increased budget of PhP33.1 B is allotted for the Autonomous Region in Muslim Mindanao (ARMM), which has been declared the poorest region in the country in 2012 and 2015. The bulk of the budget will be used to improve logistics and literacy in the region.

Other Programs in the 2018 ARMM Budget

- **ARMM Infrastructure Program = PhP10.2 B**
  - Maintain 992.51 km of roads
  - Construct and rehabilitate 361 km of roads
  - Maintain 87 water supply projects
  - Maintain 64 ports and shore protection structures
  - Implement 87 water supply projects

- **ARMM-Bangsamoro Regional Inclusive Development with Growth Equity (ARMM-BRIDGE)**
  - 2018: PhP3.6 B
  - 2017: PhP2.1 B
  - To provide 40,000 poor households with water and sanitation systems, food, shelter, and light in 2018

- **ARMM-Health, Education, Livelihood, Peace, and Synergy (ARMM-HELPs)**
  - 2018: PhP2.0 B
  - 2017: PhP1.8 B
  - To service 553 barangays by the end of 2018

1 2012 and 2015 Full Year Poverty Statistics
To ensure that Filipinos feel safe in their own country, the Duterte Administration continues to enhance the country’s internal security and defense capabilities by investing in the Defense Sector.

FORTIFYING OUR NATIONAL DEFENSE

PhP150.0 billion is earmarked for the Department of National Defense (DND), 9.3% higher than the 2017 allocation of PhP137.2 billion. A hefty amount of the DND budget, amounting to PhP144.1 billion, goes to the Armed Forces of the Philippines (AFP).

- **PHILIPPINE ARMY**
  - No. of tactical battalions maintained:
    - 2016: 189
    - 2017: 190
    - 2018: 191
  - PhP64.0 B

- **PHILIPPINE NAVY**
  - No. of mission-ready fleet marine units maintained:
    - 2016: 124
    - 2017: 179
    - 2018: 184
  - PhP21.3 B

- **PHILIPPINE AIR FORCE**
  - No. of supportable aircraft maintained:
    - 2016: 140
    - 2017: 154
    - 2018: 154
  - PhP19.8 B

- **Total AFP Budget**: PhP144.1 B
SAFE AND SECURE COMMUNITIES

With a goal to reduce the national crime rate by 5% in 2018, the government continues to support its anti-illegal drugs campaign and other crime prevention strategies.

Reducing Criminality

- **Philippine National Police (PNP)**
  - PhP132.3 B

  Of which:
  - **Crime Prevention and Suppression**
    - PhP110.2 B
    - 5% increase in number of foot and mobile patrol operations conducted
  - **Crime Investigation**
    - PhP667.9 M
    - 522,301 crime investigations undertaken

- **National 911 Program (Department of the Interior and Local Government)**
  - PhP22.4 M

  To hire qualified and competent professionals to improve the hotline’s quick response capability

Hotline 911 was launched in August 2016 as an effort to curb criminality and protect the citizens by enabling government agencies concerned to respond immediately to emergency situations.

Towards A Drug-Free Nation

From July 1, 2016 - January 17, 2018

- **Drug Operations**
  - 81,919 anti-drug operations conducted

- **Drug Personalities Arrested**
  - 119,361 drug personalities arrested

- **Illicit Drugs and Laboratory Equipment Seized**
  - PhP19.34 B of illegal drugs, CPECs, and laboratory equipment seized

**Source:** PNP

*CPECs or Controlled Precursors and Essential Chemicals are ingredients used in the production of illegal drugs.

To pursue its vision of a drug-free Philippines, the government stays committed to its various anti-drug programs:

- **Operation of Dangerous Drug Abuse Treatment and Rehabilitation Centers (DOH)**
  - PhP818.6 M

- **Inmates’ Safekeeping and Development Program**
  - PhP13.4 B
The Duterte Administration is fully aware that environmental degradation, climate change, and other environmental risks can erode past successes and undermine future development prospects. For this reason, some PhP27.9 billion is set aside for Natural Resources and Environmental Protection and Sustainable Development. Of this amount, PhP25.7 billion, or 92%, is given to the Department of Environment and Natural Resources to ensure ecological integrity, clean, and healthy environment.

### PROTECTION

The country faces a serious problem of deforestation, primarily caused by the conversion of forestlands for other purposes. This has not only severely threatened biodiversity, but has also contributed to increased global warming. Key programs to address this are:

#### National Greening Program

<table>
<thead>
<tr>
<th>Area Planted</th>
<th>No. of Seedlings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 PhP7.1 B</td>
<td>200,544 ha</td>
</tr>
<tr>
<td>2018 PhP5.2 B</td>
<td>124,220 ha</td>
</tr>
</tbody>
</table>

**2018 Targets**

- 124,220 ha: Number of hectares of open and denuded forestlands rehabilitated
- 623,315 ha: Number of hectares planted which are maintained and protected

**Forest Protection**

2018: PhP809 M to patrol 8.2 million km of forest areas, including 166 forest conservation areas, and deter illegal activities within forestlands

#### Solid Waste Management

- PhP910 M
- To support 50 LGUs in the closure and rehabilitation of dumpsites and assist 500 LGUs in the establishment of materials recovery facilities

#### Clean Water Program

- PhP332 M
- To monitor 456 esteros, 119 more than the 2017 target of 337 esteros

#### Clean Air Program

- PhP272 M
- For the operation and maintenance of 94 Air Quality Monitoring Stations, including the calibration of the air quality equipment of 48 stations

**FAST FACT**

Under the DENR budget is the establishment of an arboretum of native, endemic and indigenous trees and plant species, including medicinal plants, at the Ninoy Aquino Parks and Wildlife Center. An arboretum is a botanical garden devoted to growing rare, endangered and symbolic trees for conservation, scientific research, and educational purposes.
Disaster Mitigation and Preparedness

This covers programs to address the need for environmental safeguards and focus early attention on environmental standards, which will help improve the resilience of Filipinos in facing threats from nature.

Flood Control

Under the DPWH budget, PhP97.0 billion is intended for the construction and maintenance of flood mitigation structures and drainage systems.

Regional breakdown for the construction and maintenance of flood mitigation structures and drainage systems under the DPWH budget (in billion Pesos)

<table>
<thead>
<tr>
<th>Region</th>
<th>Amount (PhP Bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAR</td>
<td>1.2</td>
</tr>
<tr>
<td>NCR</td>
<td>46.7</td>
</tr>
<tr>
<td>Region I</td>
<td>3.9</td>
</tr>
<tr>
<td>Region II</td>
<td>1.2</td>
</tr>
<tr>
<td>Region III</td>
<td>8.8</td>
</tr>
<tr>
<td>Region IV-A</td>
<td>6.4</td>
</tr>
<tr>
<td>MIMAROPA</td>
<td>2.1</td>
</tr>
<tr>
<td>Region V</td>
<td>5.8</td>
</tr>
<tr>
<td>Region VI</td>
<td>1.2</td>
</tr>
<tr>
<td>Region VII</td>
<td>3.8</td>
</tr>
<tr>
<td>Region VIII</td>
<td>3.5</td>
</tr>
<tr>
<td>Region IX</td>
<td>1.6</td>
</tr>
<tr>
<td>Region X</td>
<td>2.5</td>
</tr>
<tr>
<td>Region XI</td>
<td>3.4</td>
</tr>
<tr>
<td>Region XII</td>
<td>2.6</td>
</tr>
<tr>
<td>Region XIII</td>
<td>2.1</td>
</tr>
</tbody>
</table>

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

National Disaster Risk Reduction and Management Program

For reconstruction, rehabilitation, repair, aid, relief and other works or services, including pre-disaster activities, such as: conduct of risk assessment and vulnerability analysis; community-based monitoring systems; capacity-building on mainstreaming Disaster Risk Reduction and Management/Climate Change Adaptation; construction of dams and embankments; and development and institutionalization of early warning systems.

Quick Response Fund (QRF)

The QRFs are budgetary allocations for pre-disaster and standby funds to enable agencies to immediately assist the people in areas stricken by calamities and crises.

In addition to the NDRRM Fund, a total amount of PhP7.6 billion is lodged under the budgets of the following agencies as QRF:

- DepEd: PhP2.0 B
- DSWD: PhP1.2 B
- DPWH: PhP1.0 B
- DA: PhP0.6 B
- Office of Civil Defense: PhP0.5 B
- NIA: PhP0.5 B
- AFP: PhP0.8 B
- DOH: PhP0.5 B
- National Electrification Administration: PhP0.2 B
Peaceful and inclusive societies are founded on the principles of good governance and the rule of law. In pursuit of a people-centered governance, the Administration supports programs, activities, and projects that curb corruption, improve access to justice, and engage its citizens.

**A LEAN, CLEAN, AND EFFECTIVE GOVERNMENT**

The National Government Rightsizing Program is a reform initiative that aims to address dysfunctions in the government, in response to the increasing public demand for faster, better, and more efficient services.

Currently, there are:
- 187 government agencies
- 1.7 million government positions

Who will be covered?
All departments and agencies of the Executive Branch

Excluded from the Program:
Public elementary and secondary schools, government hospitals, and military and uniformed personnel (MUP)

Optional Adoption of the Program:
The Legislature, The Judiciary, Constitutional Offices, State Universities and Colleges, and Local Government Units

The Rightsizing Program will facilitate a more effective and efficient service delivery by:
- Refocusing government efforts and resources on vital and core services
- Simplifying government operations, systems, and processes
- Eliminating duplicating or overlapping functions within and among agencies

**The 2018 Budget also supports initiatives to help weed out corruption in the bureaucracy.**

- **Department of Finance** = PhP19.3 B
- **Revenue Integrity Protection Service (RIPS) Program** = PhP25.3 M
- **Philippine Extractive Industries Transparency Initiative (PH-EITI) Program** = PhP17.8 M
- **Enforcement of Internal Revenue Law, including Run After Tax Evaders (RATE) and Oplan Kandado Programs** = PhP4.9 B

- **Office of the Ombudsman** = PhP2.7 B
  - To act on 77% of grievances and requests, conduct 20% of fact-finding investigations, and prosecute 17.9% of cases

- **Civil Service Commission (CSC)** = PhP1.5 B
  - To ensure clean and efficient delivery of goods and public services
The government’s efforts to reduce the incidence of corruption and criminality will attract more foreign investors to do business in the country. Foreign direct investments (FDIs) are expected to increase by 10% from the 2017 level to a target of PhP680 billion in 2018.

Investment approvals recorded by the Board of Investments increased to PhP51.3 billion in January 2018 compared to PhP8.0 billion registered in the same month in the previous year.

**Total Approved FDIs**

- **2016**: PhP442 B
- **2017**: PhP617 B
- **2018 (Target)**: PhP680 B

**541% INCREASE**

*Source: Board of Investments, Invest Philippines*
The Philippines aims to reach upper-middle income status by 2040. This will be possible by investing in Science, Technology, and Innovation (STI) — the three crucial drivers in the economic development and social progress of a country.

As the primary agency for research and development (R&D) in the scientific field, the Department of Science and Technology (DOST) receives a budget of PhP21.2 billion for 2018.

Developing Human Resources in STI

The United Nations Educational, Scientific and Cultural Organization recommends an average of 380 R&D researchers per million population. To reach this target, a budget of PhP4.0 billion has been allotted for current and new science and technology (S&T) scholarships.

- **PhP2.4 billion** for 27,007 Scholars in 2016
- **PhP3.2 billion** for 30,806 Scholars in 2017
- **PhP4.0 billion** for 36,997 Scholars in 2018

**PhP76 million** for the Balik Scientist Program which encourages Overseas Filipino scientists and experts to return to the Philippines and share their expertise.

**Increasing R&D Innovation in various sectors**

- **PhP2.0 billion** for the development of S&T programs in different regions
- **PhP1.0 billion** for rapid and inclusive growth in the agricultural, aquatic, and natural resources sectors
- **PhP848 million** for the Small Enterprise Technology Upgrading Program which assists micro, small, and medium enterprises (MSMEs)

**Connecting the Country**

- **PhP1.7 billion** for the Free Wi-Fi Internet Access in public places, including in SUCs
- **PhP372 million** for the National Government Portal
- **PhP206 million** for the National Government Data Center
- **PhP51 million** for the National Broadband Plan

**Increasing Public Awareness**

- **PhP18.9 million** for the DOST’s Filipino Weather Channel, to address information and education gaps in the STI field
- **PhP9.9 million** for the installation of more Science and Technology Research Based Openly Operated Kiosk Stations (STARBOOKS) in remote areas nationwide
With the theme “Co-creating Governance Outcomes with the Filipino People”, the 2017-2019 Philippine Open Government Partnership (PH-OGP) National Action Plan (NAP) was launched with the objective of empowering citizens through the implementation of programs that promote transparency, accountability, and participatory governance.

The fourth PH-OGP NAP is anchored on the Philippine Development Plan’s pillar of *Malasakit* and focuses on 11 commitments that will be implemented by national and local government agencies and civil society organizations through specific programs.

<table>
<thead>
<tr>
<th>COMMITMENT</th>
<th>PROGRAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthen civil society participation in local planning and development</td>
<td>Assistance to Municipalities</td>
</tr>
<tr>
<td>Improve the ease of doing business</td>
<td>• Gameplan on Competitiveness: Ease of Doing Business</td>
</tr>
<tr>
<td></td>
<td>• Project Repeal: The Philippines’ Red Tape Challenge</td>
</tr>
<tr>
<td>Institutionalize citizen participatory audit</td>
<td>Citizen Participatory Audit (CPA)</td>
</tr>
<tr>
<td>Empower citizens through an effective government feedback mechanism</td>
<td>• 8888 Citizen's Complaint Center</td>
</tr>
<tr>
<td></td>
<td>• Satisfaction Rating on GOCCCs</td>
</tr>
<tr>
<td>Pass legislation on access to information</td>
<td>Freedom of Information (FOI) Program</td>
</tr>
<tr>
<td>Provide and promote the use of e-Participation tools through the National Government Portal</td>
<td>E-Participation through the National Government Portal</td>
</tr>
<tr>
<td>Increase public integrity and more effectively manage public resources</td>
<td>Philippine Open Budget Index</td>
</tr>
<tr>
<td>Improve transparency and increase accountability in the extractive industries</td>
<td>Philippine Extractive Industries Transparency Initiative (PH-EITI)</td>
</tr>
<tr>
<td>Improve institutional mechanisms for immediate and effective disaster response</td>
<td>Disaster Response Operations Monitoring and Information Center (DROMIC) Virtual Operation Center: Revolutionizing Disaster Response in DSWD</td>
</tr>
<tr>
<td>Improve delivery of public services by capacitating informal settler families and resettled families</td>
<td>Shelter Assistance through Community Organizing and Community Development approach</td>
</tr>
<tr>
<td>Institutionalize Open Local Legislative Processes</td>
<td>Open Legislation Platform through Social Media in Three (3) Provinces</td>
</tr>
</tbody>
</table>
The four phases of the Budget Cycle overlap in continuing cycles. While the Executive Branch implements the Budget for the current year, it also prepares the Budget for the next fiscal year and defends it before Congress. The government monitors, evaluates, and reports on actual performance year-round.

**Legend:**
- **BY:** Budget Year (Current year + 1 year)
- **PY:** Prior Year (Current year – 1 year)
- **CuY:** Current Year

### Phase 01: Preparation
1.1 Issuance of Budget Call (December of previous year)
1.2 Citizen Engagement/ RDC Consultations (January-February)
1.3 Conduct of budget hearings and review of Tier I for Budget Year (BY) (February)
1.4 Program convergence (April)
1.5 Submission of Tier II budget proposals for BY (April-May)
1.6 Conduct of budget hearings and review of Tier II for BY (May-June)
1.7 Consolidation, validation, and confirmation (June)
1.8 Approval of the proposed National Budget by the Cabinet for BY (July)
1.9 Submission of the Proposed National Budget to Congress (July)

### Phase 02: Legislation
2.1 Budget deliberations in the House of Representatives and Senate (August-November)
2.2 House and Senate ratification of the General Appropriations Bill (August-November)
2.3 Enactment of the General Appropriations Act (GAA) (December)

### Phase 03: Execution
3.1 Early procurement activities (August of previous year)
3.2 Submission of Monthly Disbursement Program (October of previous year)
3.3 Submission of Budget Execution Documents (BEDs) based on the National Expenditure Program (NEP) (December of previous year)
3.4 Awarding of contracts (January of CuY)
3.5 Submission of adjusted BEDs based on GAA (January of CuY)
3.6 Release of Notices of Cash Allocation (NCAs) for the 1st semester (January of CuY)
3.7 Release of NCAs for the 2nd semester (July of CuY)

### Phase 04: Accountability
4.1 Submission of quarterly Budget and Financial Accountability Reports (Every quarter of the CuY)
4.2 Posting of Disbursement Assessment Reports (Every month of the CuY)
4.3 Publication of Mid-Year Report for CuY and Year-End Report for Prior Year (August-September)
4.4 Conduct of audit (Within the following year)

This schedule is based on Joint Circular No. 2017-1 issued on June 30, 2017 by the Department of Budget and Management, Department of Finance, and the National Economic and Development Authority.
In order to meet the government’s targets for poverty reduction and economic growth, the Department of Budget and Management (DBM) is pushing for the passage of the Budget Reform Bill (BRB) to modernize the country’s budgeting system and speed up the rate of government’s spending.

### What is the BRB and why do we need it?

The BRB is a game-changing reform initiative that aims to significantly speed up budget execution and service delivery in support of the growth and anti-poverty targets of the Duterte Administration. It also seeks to:

- Enforce greater discipline in public financial management (PFM)
- Promote fiscal sustainability
- Institutionalize an integrated PFM system
- Strengthen the Congress’ power of the purse
- Improve budget transparency and citizen participation

The BRB will shift the budget from its obligation-basis to annual cash-based appropriations to ensure timely delivery of results to the public within the fiscal year.

### What is an annual cash-based appropriations budget?

An annual cash-based appropriations budget limits incurring contractual obligations and disbursing payments for goods and services delivered, rendered, and inspected within the fiscal year (FY).

The annual budgets of agencies under a cash-based appropriations should only contain programs, activities, and projects that can be implemented and paid for by the end of the FY.

### What is the difference between an annual obligation-based budget and an annual cash-based budget?

<table>
<thead>
<tr>
<th>Time Horizon / Period of Implementation</th>
<th>ANNUAL OBLIGATION-BASED BUDGETING</th>
<th>ANNUAL CASH-BASED BUDGETING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracts awarded within the FY can be delivered even after the end of the year.</td>
<td>Obligation-based Appropriations (24 months &amp; beyond)</td>
<td>Contracts intended to be implemented for the fiscal year should be fully delivered by the end of the fiscal year.</td>
</tr>
<tr>
<td>Jan 1 FY Dec 31 / Jan 1 FY + 1 Dec 31</td>
<td>Obligation-based Appropriations (24 months &amp; beyond)</td>
<td>Obligation-based Appropriations (24 months &amp; beyond)</td>
</tr>
<tr>
<td>Jan 1 FY Dec 31</td>
<td>Cash-based Appropriations (12 months)</td>
<td>Cash-based Appropriations (15 months)</td>
</tr>
<tr>
<td>Jan 1 FY Dec 31 Mar 31 Extended Payment Period (EPP)</td>
<td>Cash-based Appropriations (15 months)</td>
<td>Cash-based Appropriations (15 months)</td>
</tr>
</tbody>
</table>

### What about projects that have an implementation period exceeding 12 months?

For projects that require more than a year to implement, agencies should secure a Multi-Year Obligational Authority (MYOA) from the DBM prior to project procurement. Likewise, GOCCs and LGUs should secure an equivalent authority from their respective governing boards.

The MYOA should show the schedule of the annual cash requirements of the multi-year project.

### Things to Consider

Forward planning is important in proposing and implementing an annual cash-based budget.

- Agencies should only propose programs, activities, and projects that are “shovel-ready” or those that can be fully implemented within the FY.
- Agencies should conduct early procurement as a rule to expedite project implementation.
Off-budget accounts refer to funds or receipts (collected and retained by the agencies in government depository banks pursuant to law) for expenditures over and above those in the National Expenditure Program (NEP). Although the use of these accounts is still subject to scrutiny by the Commission on Audit, these accounts are seen as “extra-budgetary” that weaken the comprehensiveness* of the budget and hence, the ability of Congress to maximize the use of all the resources of government.

Since 2016, off-budget accounts have been declining, from retained revenues of PhP83.6 billion and expenditures of PhP71.2 billion in 2016 to PhP63.0 billion and PhP55.0 billion in 2018, respectively. This indicates the increasing comprehensiveness of the National Budget.

**Off-Budget Accounts, FY 2016-2018**

(Revenues and expenditures in million Pesos)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>PhP83.6B</td>
<td>PhP71.2B</td>
</tr>
<tr>
<td>2017</td>
<td>PhP63.1B</td>
<td>PhP55.0B</td>
</tr>
<tr>
<td>2018</td>
<td>PhP63.0B</td>
<td>PhP55.0B</td>
</tr>
</tbody>
</table>

**Nature of Expenditure of Selected Earmarked Items for 2018**

- **SUCs** PhP17.7B
  For payment of authorized allowances and fringe benefits to teachers and students, some operating expenses and capital investments

- **DOH** PhP16.9B
  For the procurement of equipment and augmentation of some operating expenses

- **Philippine Sports Commission** PhP1.3B
  For the National Sports Development Program, and the maintenance of sports facilities

*Comprehensiveness of the budget means full transparency of financial accounts.
### GLOSSARY OF TERMS

<table>
<thead>
<tr>
<th><strong>Allotment.</strong></th>
<th>Authorization issued by the Department of Budget and Management (DBM) to an agency, allowing the latter to commit/incur obligations and/or pay out funds within a specified period of time and within the amount specified through the:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. General Appropriations Act as an Allotment Order (GAAAO), for specific appropriation items deemed released upon effectivity of the GAA;</td>
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<tr>
<td>2. General Allotment Release Order (GARO) for the full year requirement for the automatically appropriated Retirement and Life Insurance Premium (RLIP) contributions; and</td>
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<tr>
<td>3. Special Allotment Release Order (SARO) for budget items requiring compliance with certain conditionalities.</td>
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<tr>
<td><strong>Allotment Class.</strong></td>
<td>Classification of expenditures under the following categories:</td>
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<tr>
<td>1. Personnel Services (PS)</td>
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<td>2. Maintenance and Other Operating Expenses (MOOE)</td>
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<td>3. Financial Expenses (FinEx)</td>
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<td>4. Capital Outlays (CO)</td>
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<tr>
<td><strong>Appropriation.</strong></td>
<td>An authorization pursuant to law or other legislative enactment directing the spending of public funds for specified purposes, up to a specified amount under specified conditions.</td>
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<tr>
<td><strong>Budget.</strong></td>
<td>The budget is the government’s plan for a year. It is a table/schedule of expenditures, based on either obligations or cash concepts and the corresponding sources of financing, either from revenues, borrowings, or cash drawdown. Ultimately, it is a tool that enables government to achieve its development agenda.</td>
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<tr>
<td><strong>Budget Deficit.</strong></td>
<td>A situation when government spending exceeds revenues.</td>
</tr>
<tr>
<td><strong>Debt Service.</strong></td>
<td>The sum of debt amortization and interest payments, including commitment fees and other charges, on foreign and domestic borrowings.</td>
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<td><strong>Disbursement.</strong></td>
<td>A settlement/liquidation/payment of government obligations incurred in the current or prior years, involving cash or non-cash transactions and covered by disbursement authorities.</td>
</tr>
<tr>
<td><strong>Expenditure Program.</strong></td>
<td>The ceiling on the obligations that could be incurred by the government in a given budget year. The said ceiling is supported by estimated financial resources.</td>
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<tr>
<td><strong>Fiscal Policy.</strong></td>
<td>The part of government policy which is concerned with raising of resources through taxation and borrowing and deciding on the level and pattern of expenditures.</td>
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<tr>
<td><strong>Gross Domestic Product (GDP).</strong></td>
<td>This measures the total output within the geographic boundaries of the country, regardless of the nationality of the entities producing the output.</td>
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<tr>
<td><strong>Inflation.</strong></td>
<td>It is the persistent rise in the general price level of goods and services.</td>
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<tr>
<td><strong>Obligation.</strong></td>
<td>A commitment by a government agency arising from an act of a duly authorized official which binds the government to the immediate or eventual payment of a sum of money.</td>
</tr>
</tbody>
</table>

Source: 2018 Budget of Expenditures and Sources of Financing; Bangko Sentral ng Pilipinas
Your government wants to hear from you! Our participation should go beyond merely proposing well-meaning programs and projects during budget preparation. Get involved in monitoring their implementation. Pen a letter, write an email, or pick up the phone and know more.

Selected Public Assistance Desks/External Relations Offices in the Executive Branch:

**Civil Service Commission**
Public Assistance and Information Office
931-7993; 932-0381; 932-0179 TF
paio@csc.gov.ph
Hours of operation: 8 am to 5 pm (Mondays to Fridays)

**Office of the President**
888B Citizen’s Complaint Center
Presidential Complaint Center
Bahay Ugnayan, J.P. Laurel Street, San Miguel, Manila
736-8645; 736-8603; 7368621 F
pcc@malacanang.gov.ph
Hours of operations: 8 am to 5 pm (Mondays to Fridays)

**Office of the Vice President**
Public Assistance Division
831-2612; 833-3812
pad@ovp.gov.ph

**Department of Agrarian Reform**
Public Affairs and Media Relations Service/
Public Affairs Information Center
928-6820/453-7980
director.pamrs@dar.gov.ph
Hours of operation: 8 am to 5 pm (Mondays to Fridays)

**Department of Education**
Public Assistance and Complaints Desk
638-1780
Hours of operation: 8 am to 5 pm (Mondays to Fridays)

**Department of Environment and Natural Resources**
Strategic Communications and Initiatives Service
loc. 2204; 426-0279; 426-3850; 926-9805; 926-7031
Hours of operation: 8 am to 6 pm (Mondays to Fridays)

**Department of Foreign Affairs**
Office of the Undersecretary for Migrant Workers
832-1672; 551-0847 F
oumwa@dfa.gov.ph

**Department of the Interior and Local Government**
Public Assistance and Complaints Center
925-0343
Hours of operation: 8 am to 5 pm (Mondays to Fridays)

**Department of Justice**
Action Center (DOJAC)
526-3365; 521-2930 TF
dojac@doj.gov.ph
Hours of operation: 8 am to 5 pm (Mondays to Fridays)

**Department of Labor and Employment**
Hotline: 1349; 24/7
Information and Publication Service

**Department of Science and Technology**
Public Assistance and Complaints Desk
837-2071 loc. 2036, 2051; 838-9080
Hours of operation: 8 am to 5 pm (Mondays to Fridays)

**Department of Tourism**
Tourism Information and Special Project Unit
459-5200 to 30 loc. 101, 102; 524-2384; 525-2000
tourist_info@tourism.gov.ph; ncr@tourism.gov.ph
Hours of operation:
7:00 am to 6:30 pm (Mondays-Fridays)
8:30 am to 5:30 pm (Saturdays)

**Department of Trade and Industry**
Public Assistance Desk
751-0384 loc. 2107
Hours of operation: 8 am to 5 pm (Mondays to Fridays)

**Department of Transportation**
Action Center
Hotline No.: 7890
Hours of operation: 24/7

**Commission on Audit**
Public Information Office
951-6955; 951-0934 F
press@coa.gov.ph

**Commission on Elections**
Education and Information Department
525-9294; 525-9301
info@comelec.gov.ph
Hours of operation: 8 am to 5 pm (Mondays to Fridays)

**Office of the Ombudsman**
Public Assistance and Corruption Prevention Bureau
479-7300; 317-8300 loc. 5314
Hours of operation: 8 am to 5 pm (Mondays to Fridays)
**DEPARTMENT OF BUDGET AND MANAGEMENT**  
2018 PEOPLE’S BUDGET PUBLICATION  
SURVEY FEEDBACK FORM

<table>
<thead>
<tr>
<th>Name:</th>
<th>Organization (w/ Position):</th>
<th>Location/Address:</th>
<th>Nature of the Organization:</th>
<th>Sector (Pls. encircle):</th>
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<td>a. NGA     b. NGO     c. LGU     d. CSO     e. Academe     f. SUC     g. Media     h. Others (Please specify):</td>
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Kindly rate (encircle) based on the following criteria:

5 - Strongly Agree | 4 - Agree | 3 - Neither Agree nor Disagree/Undecided | 2 - Disagree | 1 - Strongly Disagree

### A. Is the publication informative?

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<td>A Budget that Reforms and Transforms</td>
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<td>2018 Budget Dimensions (By Function/Sector [COFOG], By Sector [Old System], By Expense Class, By Region, By Recipient Unit, By Special Purpose Fund, and By Source of Appropriations)</td>
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<td>Spending Priorities of the National Budget</td>
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<td>Glossary of Terms</td>
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<td>How Can I Get Involved?</td>
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### B. Is the publication understandable?

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<tr>
<td>The content is logical and well-organized.</td>
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<td>The connections between ideas are clear.</td>
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<td>The language is simple for me to understand.</td>
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<td>Technical topics are tackled in a citizen-friendly way.</td>
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<td>The examples given are significant and helpful.</td>
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<td>The graphs, tables, and illustrations aid in understanding the text better.</td>
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C. Is the publication readable?

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<td>The font used (e.g. typeface, size) is easy to read.</td>
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<td>The graphs and charts used are clear.</td>
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<td>The color scheme is appealing.</td>
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<td>The layout of the publication is pleasing to the eye.</td>
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</table>

D. How do you intend to use the publication?

- a. For advocacy, education, and communication work
- b. Information input for research work and analysis
- c. Reference for engaging the budget process (e.g. for hearings in Congress, etc.)
- d. Guide for monitoring the implementation of programs or projects
- e. Others (please specify):

E. Which portions within the publication do you find useful? Less useful?

Most useful:
_________________________________________________________________________________________________________________
_________________________________________________________________________________________________________________

Less useful:
_________________________________________________________________________________________________________________
_________________________________________________________________________________________________________________

F. What other information do you think should be included in the publication?
_________________________________________________________________________________________________________
_________________________________________________________________________________________________________

G. Other comments and suggestions:
_________________________________________________________________________________________________________
_________________________________________________________________________________________________________

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> Mail to Budget Information and Training Service, Department of Budget and Management, General Solano St., San Miguel, Manila 1005.
> Scan or take a clear photo and email to bits@dbm.gov.ph.

Thank you very much!
2018 PEOPLE'S BUDGET

Produced by the Philippines Department of Budget and Management (DBM)    
February 2018

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PRODUCTION TEAM:
Budget Information and Training Service

Lead Writer: John E. Lansangan
Lead Designer: Lara Jane S. Evalle

Writing Team
Vanessa L. Pamittan
Ria Consuelo C. Mendoza
Jesselynn G. de la Cruz
Jeannie S. Ponio

Design Team
Leonardo D. Sunga
Junrey E. Rosales
Martin Jethro P. Tomas
Vanessa L. Pamittan
Ria Consuelo C. Mendoza

DATA SOURCES:
Fiscal Planning and Reforms Bureau
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OVERALL EDITING:
Assistant Secretary Amelita D. Castillo
Jesselynn G. de la Cruz

ADVISER:
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Cover Design: Junrey E. Rosales
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For inquiries, request for copies, and other information, comments, and suggestions, email us at bits@dbm.gov.ph.