

TOWARDS FISCAL DISCIPLINE AND DEVELOPMENT UNDER THE DUTERTE ADMINISTRATION

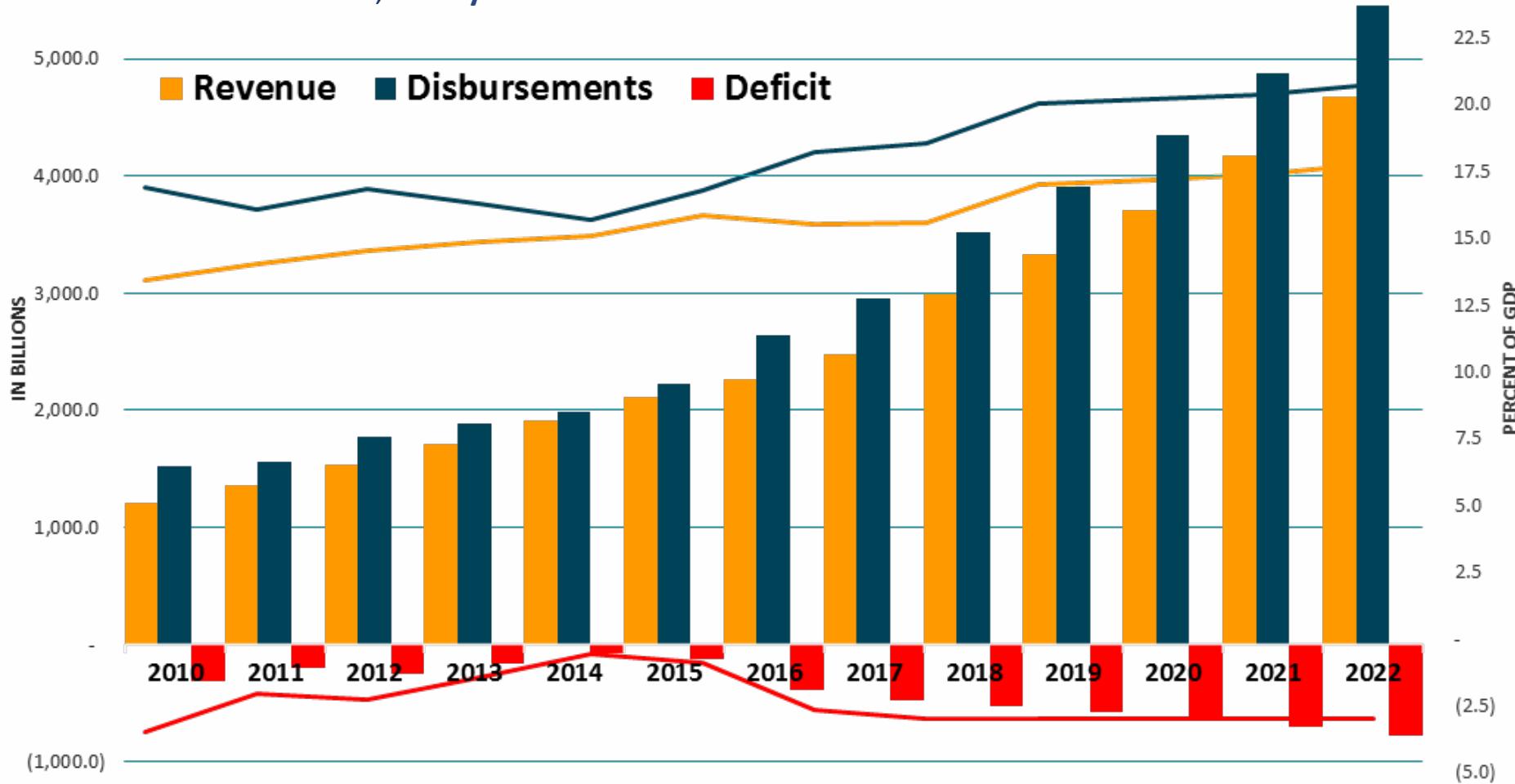
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Secretary of Budget and Management



**Republic of the Philippines
Department of Budget and Management**

A Just and Disciplined Fiscal Policy

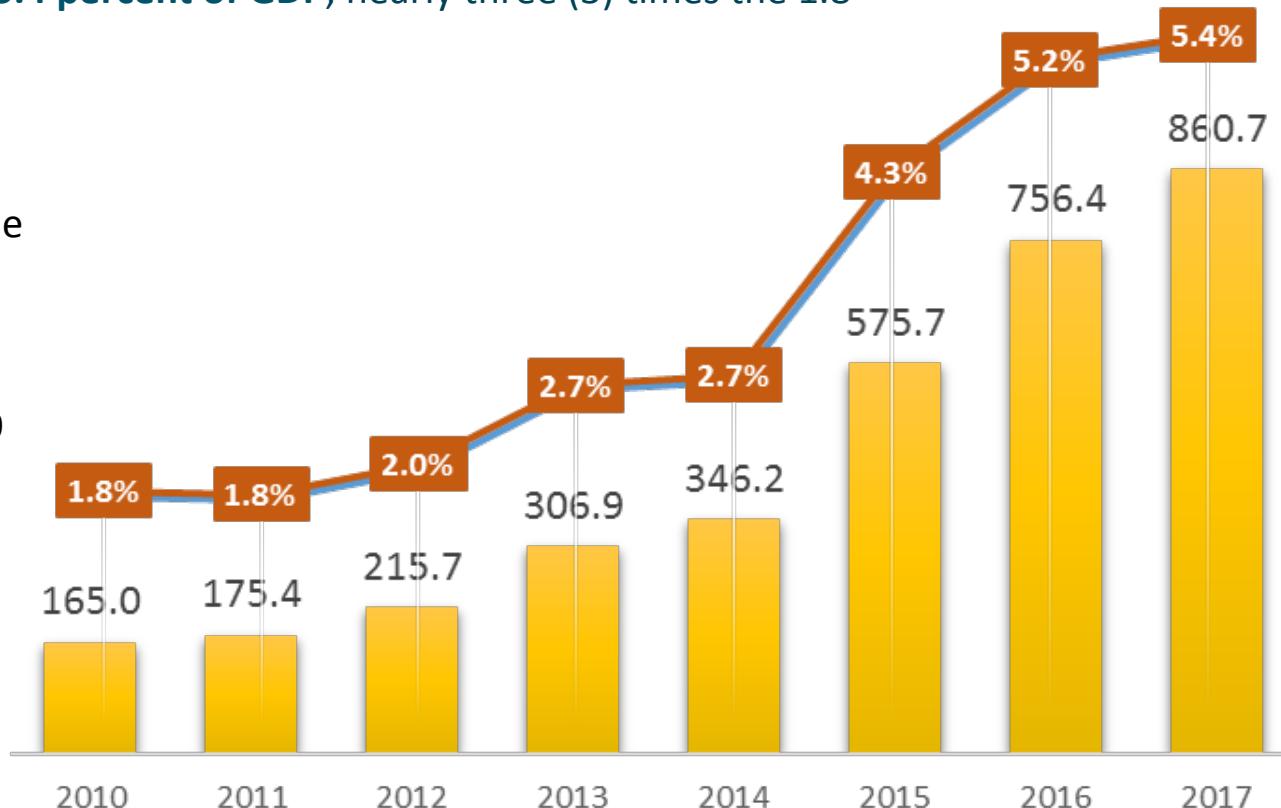
Deficit will expand to 3.0 percent of GDP over the Medium-Term to support expenditure priorities. Proposed FY 2017 disbursements will reach P2.9 Trillion, **nearly twice** the disbursements in 2010.



Infrastructure Expenditures

A total of **P860.7 billion** worth of public infrastructure investments is tucked in the proposed 2017 budget, **P104.2 billion higher** than the 2016 levels. The amount is equivalent to **5.4 percent of GDP**, nearly three (3) times the 1.8 percent in 2010.

Government will continue to facilitate PPP projects with some **P1.4 trillion worth of projects in the pipeline**². Of this, **P297.9 billion worth of projects has already been awarded** and some **P459.2 billion under various stages of procurement**.



Nominal data from 2010 to 2015 are actual obligations while for 2016 is the enacted budget. Infrastructure Outlays refer to the infrastructure expenditure of the National Government, inclusive of infrastructure subsidies to Government Corporations and infrastructure transfers to Local Government Units. This level however excludes internally generated funds of the Government Corporations and Local Government Units.

²Based on PPP Center Status of PPP Projects as of July 26, 2016. Available at the PPP Center website.



Infrastructure



(in billion pesos)

Particulars	2015	2016	2017
Infrastructure Outlays	575.67	756.44	860.65
Percent of GDP	4.3%	5.1%	5.4%
Growth Rate	66.3%	31.4%	13.8%
<i>of which:</i>			
Road Networks	223.48	298.08	328.18
Flood Control Systems	48.33	69.01	75.82
Seaport Systems	2.65	1.81	2.67
Airport Systems	12.25	9.58	5.71
School Buildings	72.47	91.29	124.62
Hospitals and Health Centers	9.45	19.21	10.03
Irrigation Systems	26.53	23.59	26.03
Other Infrastructure Assets	131.37	170.42	224.53



Fast-tracking Implementation

In order to overcome the underspending problem, a number of new measures will be undertaken.



24/7 construction work for major infrastructure projects



Strengthening project monitoring by geo-tagging



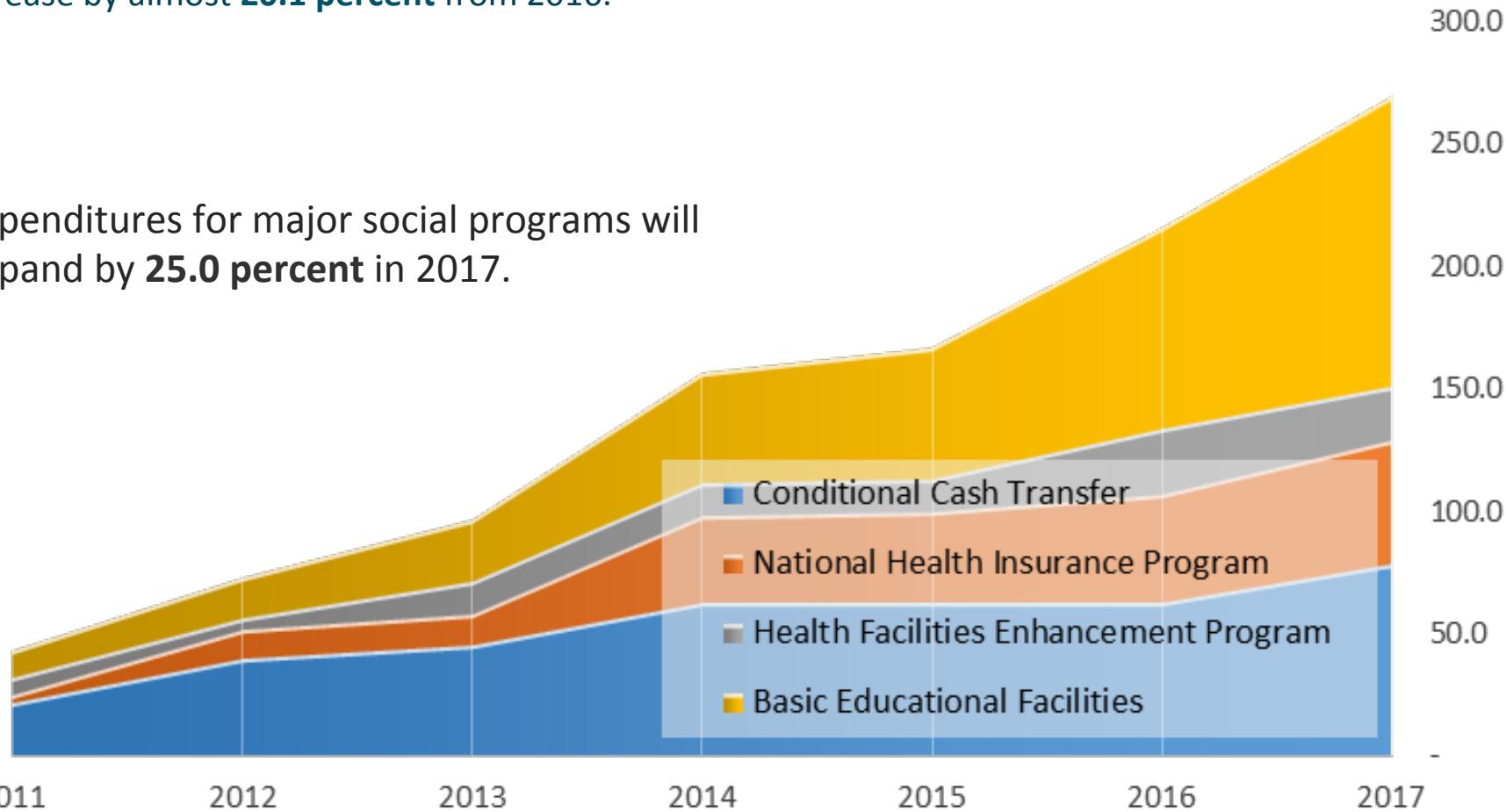
Streamlining of the approval process for major infrastructure projects



Social Services Expenditures

The share of Social Services Sector to the proposed 2017 Budget is projected to reach **40.1 percent** while budgetary allocation will increase by almost **20.1 percent** from 2016.

Expenditures for major social programs will expand by **25.0 percent** in 2017.



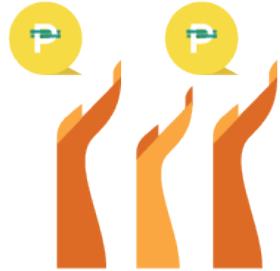
Data from 2011 to 2016 refer to budgeted level as enacted.



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Procurement and Policy Reforms

In order to overcome the underspending problem, a number of new measures will be undertaken.



Simplification of the IRR of the Government Procurement Reform Law



Revitalized PPP program



Reforming the Tax System

The tax system must be equitable, efficient, and competitive in the region. Furthermore, it must fund the aggressive spending program for better infrastructure, social services, rural development, and peace and order.



Income Tax Reform

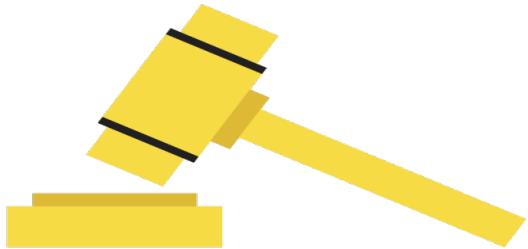
Expansion of VAT Base

Indexation of Oil Excise Tax

Rationalization of Fiscal Incentives



Governance and Budget Reforms



Budget Reform Bill



Right-sizing Bill



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