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DBM eyes submitting 2020 budget proposal at SONA

THE Department of Budget and Management (DBM) is aiming to submit the proposal for next year's national budget during President Rodrigo Duterte's fourth State of the National Address (SONA) in July.

Asked on late Friday if her department would submit the proposal for the 2020 General Appropriations bill on July 22 — the same day as the SONA — Budget Officer-in-Charge Janet Abuel said “that’s our target.”

According to her, the DBM was done with the technical budget hearings and would hold other high-level hearings before presenting the proposal to the 18th Congress.

She also confirmed that the department would propose a cash budget of P4.1 trillion for next year — a 9.1-percent or P343-billion increase from this year's P3.757 trillion.

Of this amount, 44.9 percent or P1.842 trillion will be allocated for “Tier 1” programs, activities and projects of government agencies, including the ongoing modernization of the Armed Forces of the Philippines and the National ID system, as well as various infrastructure projects.

Another P1.345 trillion — 32.8 percent — will go to automatic appropriations, including internal-revenue allotment and net lending; and special purpose funds, including special shares to local governments and a contingent fund.

This leaves a fiscal space of P911.7 billion to cover expanded and new programs, activities and projects, accounting for 22.2 percent of the total cash-based budget ceiling, Abuel said in a recent memorandum.

Approved by the interagency Development Budget and Coordination Committee, the government's disbursement program was pegged at P4.210 trillion — equivalent to 19.9 percent of gross domestic product (GDP) — 11.6 percent more than this year's P3.774 trillion.

Of this amount, some P343.4 billion will be set aside to pay the prior year's obligations. These are composed largely of 2019 obligations that will only be paid in 2020, following the transitional two-year implementation of infrastructure outlays this year, according to Abuel.

In terms of expenditure directions, the government “will prioritize the acceleration of infrastructure, anti-poverty and pro-employment spending through strategic infrastructure projects, and by supporting the implementation of recent game-changing laws, such as rice liberalization, universal healthcare and Bangsamoro autonomy,” she said.

In particular, the medium-term Infrastructure Investment Program for next year was pegged at 4.9 percent of GDP or P1.044 trillion.

Last, Abuel also said the cash budgeting system would continue to be implemented in 2020.

“We’re pushing the cash budgeting, but we’re studying the transition. Let’s see what will happen for 2019, then let’s see if there’s still a need for a slower pace in trying to adopt it fully,” she added.

Last August, the House of Representatives rejected the proposed P3.7-trillion national budget for 2019 over concerns the new cash-based system would deprive congressional districts of funds.

The budget has always been obligation-based, meaning agencies can retain their obligated budget for projects at the end of the year, even if these are yet to be finished.

Moreover, an obligation-based budget allows agencies to obligate funds for projects and pay them the following year.

In a cash-based system, agencies must spend all their obligated budgets within the year, or lose them.

The House’s rejection of the new system and the alleged anomalous allocations by the DBM resulted in a budget impasse that forced the government to operate on last year’s P3.767-trillion budget until mid-April.