



## **GUIDELINES FOR THE RDC XI CONSULTATION/REVIEW OF THE FY 2020 BUDGET PROPOSALS**

### **I. Budget Review Framework**

The Guidelines on the FY 2020 RDC XI Budget Review and Consultation, which is anchored on the National Budget Memorandum (NBM) No. 131 dated 26 February 2019 or the Budget Call for FY 2020, is issued to the Agency Regional Offices (AROs), State Universities and Colleges (SUCs), Special Development Authorities (SDAs) and selected Government-Owned and Controlled Corporations (GOCCs) in Davao Region to provide direction on the preparation, review and endorsement of the Agency FY 2020 Budget Proposals (BPs) of Davao Region.

In view of the RDC's mandate, per EO 325, to review and endorse to the National Government the annual budgets of AROs/SUCs/SDAs/selected GOCCs, this Council conduct the annual budget preparation and review exercises. As a continuing effort to strengthen the development planning- investment programming-budgeting linkages, the RDC XI shall continue to support the second year of the transition towards the annual cash-based budgeting (ACBB), a reform initiated by the DBM starting FY 2019.

To ensure the implementation-readiness of the proposals and in consonance with the DBM-NEDA Joint Memorandum Circular (JMC) No. 2018-1 or the Regional Investment Programming-Budgeting Call for the Fiscal Year 2020 Budget, the Council shall ensure that the list of Programs, Activities and Projects (PAPs) in the AROs'/SUCs'/SDAs'/selected GOCCs' 2020 budget proposals primarily consider those identified in the CY 2020 Annual Investment Program (AIP), which are submitted by the agencies to RDC XI, as these are linked to the agency targets indicated in the Davao Region Results Matrices, 2017-2022.

Towards this end, the RDC XI shall strengthen its role in the budgeting process by collaborating with the Local Government Units (LGUs), the Agency Regional Offices (AROs) and the Agency Central Offices (ACOs), the Department of Budget and Management (DBM) and the Philippine Congress to ensure that Davao Region's priority PAPs for FY 2020 are funded through their inclusion in the National Government budget.

In the preparation of the BPs, the agencies shall coordinate and undertake consultations with the LGUs in order to ensure that the national priorities are responsive to the regional and local needs in such a way that LGU development capacities are strengthened in the process.

Finally, aside from the areas identified in the Expenditure Management Framework (Section 2.1 of NBM 131), which adheres to the policies, strategies and priorities of the Philippine Development Plan (PDP), 2017-2022, and which is consistent with the Davao Regional Development Plan (DRDP), 2017-2022, the review of the RDC XI shall also focus on the following major priorities, viz: a) advancement of the Duterte Administration's "Build, Build, Build" program; b) reducing poverty and inequality, promoting peace and ensuring safety and security by targeting Geographically Isolated and Disadvantaged Areas (GIDAs); c) improving/enhancing ecological integrity, clean and healthy environment; and d) supporting the achievement of the Sustainable Development Goals (SDGs).

## II. Purpose/Objectives

The RDC XI budget review and consultation guidelines are intended to:

1. Provide all concerned AROs/SUCs/SDAs/selected GOCCs in Davao Region the minimum parameters in the formulation of the FY 2020 Budget Proposals to ensure their comprehensiveness, consistency and responsiveness to the regional and national development thrusts and priorities;
2. Provide the timetable of activities to ensure the timely completion, review and endorsement of FY 2020 Budget Proposals by RDC XI to ACOs, DBM, and the Philippine Congress.

## III. General Guidelines

1. The FY 2020 Budget Proposals of AROs/SUCs/SDAs/selected GOCCs shall conform to the provisions of NBM 131 and the budget review framework cited in this Guidelines particularly on the following:
  - a. Annual Cash-based Budgeting (ACBB) System (as cited in Item 2.3.1)
  - b. Two-Tier Budgeting Approach (2TBA) (as cited in Item 2.3.2)
  - c. Program Expenditure Classification (PREXC) to replace the existing Major Final Output (MFO) structure (as cited in 2.3.4 and NBC No. 569, series of 2017)
  - d. Disaggregation of lump-sum amounts within the agency specific budgets to reflect the program/project, implementing agencies and/or regional or local levels (as cited in Item 2.3.5)
  - e. Institutionalization of the Program Convergence Budgeting (PCB)<sup>1</sup> strategy to link, harmonize and synchronize the timing of critical program interventions (as cited in Item 2.3.7)
  - f. RDC-Agency Central Office (ACO) Consultation to promote more equitable budget allocations across regions and between ACOs and AROs and RDC-endorsed PAPs included by ACOs in the National Expenditure Program (as highlighted in Item 2.4).
2. The PAPs to be proposed shall support the achievement of the goals, objectives and targets for 2020 as indicated in the RDP and RMs.
3. The proposed PAPs shall also consider the Budget Priorities Framework for FY 2020 to be issued by the DBM.
4. The FY 2020 Budget Proposals of AROs/SUCs/SDAs/selected GOCCs shall conform to the budget ceilings/forward estimates of the agencies concerned.
5. The RDC XI budget review and consultation shall cover Tiers 1 and 2 capital and technical assistance PAPs (e.g. preparation of Pre-Feasibility Studies, Feasibility Studies, Master Plans, etc.) proposed by the concerned AROs/SUCs/SDAs/GOCCs,

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<sup>1</sup> The PCB, an evolution from the DBM's Program Approach which commenced in the FY 2013 Budget Preparation, is a budgeting approach that reinforces the government's push for a more prudent and targeted spending by fostering collaboration among agencies in the design and implementation of key priority programs and projects (i.e. 4Ps, Agricultural Development Program, Tourism Development Program, etc.)

including Capital Outlay (CO), Maintenance and Other Operating Expenses (MOOE) and Personnel Services (PS).

6. Both Tier 1 and Tier 2 PAPs shall complement the following major concerns of the Region:
  - a. PAPs that promote massive job generation and more investment opportunities directed at poverty reduction;
  - b. Priority PAPs for Geographically Isolated and Disadvantaged Areas (GIDAS) or communities with marginalized population physically and socio-economically separated from the mainstream society (List attached);
  - c. Climate Change-related PAPs especially those in the poorest and most vulnerable areas (List attached);
  - d. Priority PAPs of Lead Agencies in the Updated Industry Cluster Roadmaps, 2014-2030;
  - e. PAPs for areas covered by the PAMANA and other peace building-related concerns (List attached);
  - f. Priority infrastructure PAPs across all sectors which can be sourced from the RDC XI-approved 2020 Annual Investment Program (AIP) or the Three-Year Rolling Infrastructure Program (TRIP), 2018-2020, and especially those included in the 75 NEDA-Board/ICC approved and pipelined Infrastructure Flagship Projects (IFPs) for the “Build, Build, Build” program;
  - g. PAPs for Gender and Development (GAD) by each AROs/SUCs/SDAs/selected GOCCs shall continue to be evaluated by the RDC XI, however, the Council shall adopt the new Guidelines of the Philippine Commission on Women (PCW) as embodied in section 1.2.3.1.1 of Memorandum Circular No. 2017-03 which states that **‘the determination of compliance to the GAD budget floor shall be by agency and not by constituent unit (e.g., regional offices, district or field offices) and that the Agency Central Office shall ensure that the agency as a whole shall meet the minimum 5% GAD budget based on the agency’s total budget appropriations.**

The PCW, through its Memorandum Circular No. 2018-05 dated 27 September 2018, moved the **submission of the FY 2020 GAD Plan and Budget (GPB) to the 2<sup>nd</sup> semester of 2019**. In view of this, the AROs/SUCs/SDAs/selected GOCCs are requested to submit to the Council the PCW-endorsed regional component of the Agencies’ 2020 GPB in **August 2019** or once the same is available;

- h. PAPs in support of youth development, Senior Citizens and Persons with Disabilities (PWD) as enshrined in Sections 33 and 34 of Republic Act No. 10651, series 2014 are also encouraged, as well as, PAPs for Indigenous Peoples (IPs) which shall comprise at least 1% of the agency’s annual budget per RDC XI Resolution No. 81, series of 2015. Attached herewith are the Guidelines/Mechanism for the implementation of the 1% Agencies’ Budget for IP Programs and Projects and RDC XI Resolution No. 15, series of 2018 adopting said Guidelines;
- i. PAPs relative to the implementation of the proposed Regional Government Complex (RGC);

- j. In reference to Item 4.11 of NBM 131, AROs/SUCs/SDAs/GOCCs shall secure corresponding endorsements for PAPs involving specific concerns from the Endorsing Agencies (e.g. SUCs budget from CHED; Technical Education and Skills Development Programs from TESDA, among others); and
- k. Spatial Equity of PAPs. The location of PAPs, particularly those of the AROs, shall be specifically, identified up to congressional district(s)/city/ municipality/province.

#### IV. Specific Guidelines

- 7. The AROs/SUCs/SDAs/selected GOCCs shall prepare and submit to the RDC XI their FY 2020 Budget Proposals in the prescribed format labeled as:
  - **Annex A.1 for Tier 1** (On-going) PAPs;
  - **Annex A.2.1 for Major Capital Project (MCP) Tier 2** - (New and Expanded) PAPs; and
  - **Annex A.2.2 for non-MCP Tier 2** – (New and Expanded) PAPs.
- 8. The AROs/SUCs/SDAs/selected GOCCs shall submit to RDC XI a status report on their respective FY 2019 budget proposals vis-à-vis the 2019 AIP and the 2019 General Appropriations Act (GAA) following the template attached as **Annex B**.
- 9. The RDC XI monitors the financial management and performance of AROs/SUCs/SDAs/GOCCs. The AROs/SUCs/SDAs/selected GOCCs shall provide the RDC XI, not later than **22 March 2019**, with data on FY 2018 budget utilization rates (attached as **Annex C**), as one of the basis for the RDC's evaluation.
- 10. The AROs/SUCs/SDAs/selected GOCCs shall rank their Tier 2 PAPs according to their own Agency/SUC priorities. **The Tier 2 PAPs shall be classified and ranked within 2 categories, viz: a) major capital project or MCP (>PhP 2.5 Billion) and b) non-MCP.**

The same Tier 2 PAPs shall then be evaluated by the RDC XI consistent with the PIP Prioritization Criteria as outlined below, to determine the regional priorities, viz:

Criteria	Specifics	Score
1. Project Timeline	a) Project to commence implementation in 2020	15
	b) For projects arising from fortuitous events	
	For projects to commence implementation in 2021	5
2. Sector Relevance	Included in the PIP, RDIP and AIP	20
	Included in the RDIP and AIP but not in the PIP	15
	Included only in the AIP	10
3. Status of Project Implementation	F/S is for updating or with pre-F/S undertaken and with ROW issues settled	25
	F/S is for updating or with pre-F/S undertaken with ROW issues not yet settled	15
	New FS	10
	Submitted with a detailed Terms of Reference (TOR)/ Project Brief /Concept Note	5
4. Nature of Government Entity	National Government Agency (NGA)	15
	NG-Wholly subsidized GOCC	10
	NG-Partially subsidized GOCC	5
	Financially viable GOCC	0
	SUC- initiated for NG funding	5
	LGU-initiated for NG funding	5

Criteria	Specifics	Score
5. Scale of Impact*	National	15
	Regional	10
	Local	5
6. Absorptive Capacity (2018)	Entity Utilization Rate: >95%	10
	Entity Utilization Rate: 85% - 95%	5
	Entity Utilization Rate: <85%	0
<b>TOTAL MAXIMUM SCORE</b>		<b>100</b>
<i>*Beneficiaries &amp; specific locations of implementation should have been identified by the proponent to gauge if impact is national, regional or local.</i>		
<i>Scores are mutually exclusive within each item; but additive in major items</i>		

11. Given the abovesited prioritization criteria, AROs/SUCs/SDAs/GOCCs are enjoined to be selective in their Tier 2 proposals and consider big-ticket RDP-responsive PAPs for 2020 and those relative to the efficient delivery of government services to the public, such as but not limited to the Construction of Government buildings in the proposed Regional Government Complex for concerned agencies.
12. Based on the scores on the above criteria, a consolidated list of Tier 2 PAPs shall be presented by the Secretariat in a plenary during the last day of the RDC XI Budget Review and Consultation, for shortlisting of regional priorities and onward adoption by the Council to be used as reference in the RDC-ACO Dialogue for FY 2020 conducted by the NEDA Board- Regional Development Committee (NB-RDCom).
13. AROs/SUCs/SDAs/selected GOCCs shall also provide the RDC XI Secretariat accomplished e-copies of the following forms prescribed in NBM 131 to aid in the RDC evaluation:
  - a. *BP Form B for Agency Performance Measures*
  - b. *BP Form C for Summary of RDC Inputs and Recommendations on Agency New and Expanded Programs and Projects (to be submitted after the RDC XI Budget Review)*
  - c. *BP Form D for Report of CSOs' Inputs on Ongoing and New Spending Projects and Activities*
  - d. *BP Form 100 especially for SUCs in the context of Total Resource Budgeting*
  - e. *BP Form 201-F for Climate Change Expenditures*
  - f. *BP Form 202 for Profile and requirements of On-going Programs/locally-funded Projects*
  - g. *BP Form 202-A for Convergence Programs and Projects*
  - h. *BP Form 203-A for Profile of On-going Foreign-assisted projects*
14. In keeping with the requirements of NBM 131, AROs/SUCs/SDAs/selected GOCCs are enjoined to present to the RDC XI a summary of the Results of their consultations with CSOs to serve as inputs in the review. In this regard, agencies are advised to conduct CSO consultations ahead of the RDC XI Budget review and Consultation.
15. Further, all concerned **agencies/SUCs<sup>2</sup> which are implementing the Program Convergence Budgeting (PCB)** are directed to **include in their presentation the list of proposed programs and projects under the PCB (both Tiers 1 and 2), as well as, submit the required BP Form (202-A).** (Note: The matrix of priority programs and participating agencies are attached in this Guidelines.)

<sup>2</sup> BFAR, CAAP, CDA, CHED, DA, DAR, DENR, DOH, DepEd, DICT, DILG, DOE, DOLE, DOST, DOT, DOTr, DTI, DPWH, DSWD, EMB, MGB, NEDA, NHA, NIA, NFA, PCA, PNP, TESDA, USEP, CVSC, SPAMAST, DNSC and DOSCST

16. The Council, through RDC XI Resolution No. 98, series of 2018, has institutionalized the submission of the DRDP Results Matrices (RM) Report as a requisite in the RDC XI review of agency budget proposals (*copy of the resolution disseminated in January 2019*). The said resolution stated that **agencies that fail to comply with the submission of the 2018 quarterly RM progress reports will not be included in the Council's annual budget review exercise.**

In order for said agencies with incomplete submission to be considered in the RDC XI budget review and consultation, all concerned are requested to undertake either of the following actions **on or before 15 March 2019**, viz: 1) **submit the lacking RM progress report to the Secretariat**, or 2) **provide a justification on the non-submission** (*i.e. frequency of data generation – semestral, instead of quarterly, etc.*).

17. The AROs/SUCs/SDAs/GOCCs shall prepare and submit to the RDC XI Secretariat **NOT LATER** than **22 March 2019**, electronic copies of its Budget Proposal Summary following the templates labelled as **Annex A.1, A.2.1 and A.2.2** for inclusion in the RDC XI meeting agenda folder. The same form shall be appended in the RDC XI Resolution endorsing each agency's budget proposal. Given the prioritization of Tier 2 PAPs to be evaluated and consolidated by the Secretariat, it is **imperative that budget proposals, specially Tier 2, be submitted on time** by the Agencies to allow for review and consolidation.
18. Electronic copies of the budget proposals (Annex A.1, A.2.1 and A.2.2), Annex B, Annex C, presentation material and the aforementioned BP Forms **duly signed/endorsed** by AROs/SUCs/SDAs/selected GOCCs **Heads** shall be provided to the RDC XI Secretariat through **nedaroxi@nedaxi.net**. The Guidelines and Templates may be downloaded from the RDC XI website (<http://nro11.neda.gov.ph>).
19. The budget review and consultation shall be conducted by the Expanded RDC XI Executive Committee serving as **Principal Budget Review Panel**. The Expanded RDC XI ExCom shall be composed of the following:
- RDC XI Officials (Chairperson, Vice-Chairperson, Secretary);*
  - Six (6) Local Chief Executives from the Region's 5 provinces and 1 highly-urbanized city (HUC);*
  - Five (5) Sectoral Committee Chairpersons; DA, DOLE,*
  - Fourteen (14) Private Sector Representatives;*
  - One (1) Regional Director/OIC of the Department of Budget and Management and;*
  - Endorsing Agencies (CHED, DA, DENR, DOST, DOH, DTI, DOT, PSA, OPAPP and DICT XI).*
20. The Regional Directors/SUC Presidents/GOCC/SDA Heads are enjoined to **personally** present their respective budget proposals during the RDC XI budget review and consultation. If a representative, preferably the Assistant Regional Director/Vice-President for Finance, other than those mentioned above will deliver the presentation, the concerned agency shall send a letter authorizing such representation. Each ARO/SUC/SDA/selected GOCC is allowed a maximum of three (3) attendees only, inclusive of its Head.

## V. Coverage

- The table below shows the AROs/SUCs/SDAs/selected GOCCs that shall be covered by the RDC XI Budget Review and Consultation and their respective schedules and order of presentation, to wit:

Day 01 April 3, 2019	Day 02 April 4, 2019	Day 03 April 5, 2019
<u>Economic Sector</u> 1. DA XI (with attached agencies: BFAR XI, ATI XI, FIDA XI, BPI XI, PCA XI and NFA XI) 2. DENR XI (with attached agencies: EMB XI and MGB XI) 3. DOT XI 4. DOST XI 5. DTI XI 6. CDA XI 7. DAR XI  <u>Social Sector</u> <u>State Universities and Colleges</u> 1. DOSCST            4. DNSC 2. CVSC                5. USEP 3. SPAMAST	<u>Infrastructure Sector</u> 1. DPWH XI 2. DOTr 3. PPA-PMO 4. CAAP XI 5. LTO XI 6. NIA XI 7. DICT XI 8. NTC XI 9. DOE XI  <u>Development Administration Sector</u> 1. DILG XI/BFP XI/BJMP XI 2. PNP XI 3. NEDA-RDC XI 4. DOJ-Regional Prosecution Services	<u>Social Sector</u> 1. DOH XI (with attached agencies: SPMC and DRMC) 2. NNC XI 3. DepEd XI 4. DSWD XI 5. CHED XI 6. NHA XI 7. DOLE XI 8. TESDA XI 9. PopCom XI 10. NCIP XI 11. NCMF XI  <u>Others</u> Attached agencies that were not included in the main agencies' proposals

- AROs that are not listed above but are required by their Central Offices (COs) to submit RDC-endorsed budget proposals; and Attached Agencies not included in their Mother Agency's presentation shall contact the RDC XI Secretariat for inclusion of their FY 2020 budget proposals/presentation during the Budget Review and Consultation.

## VI. Post RDC Budget Review Concerns

- Budget Proposals with No modifications

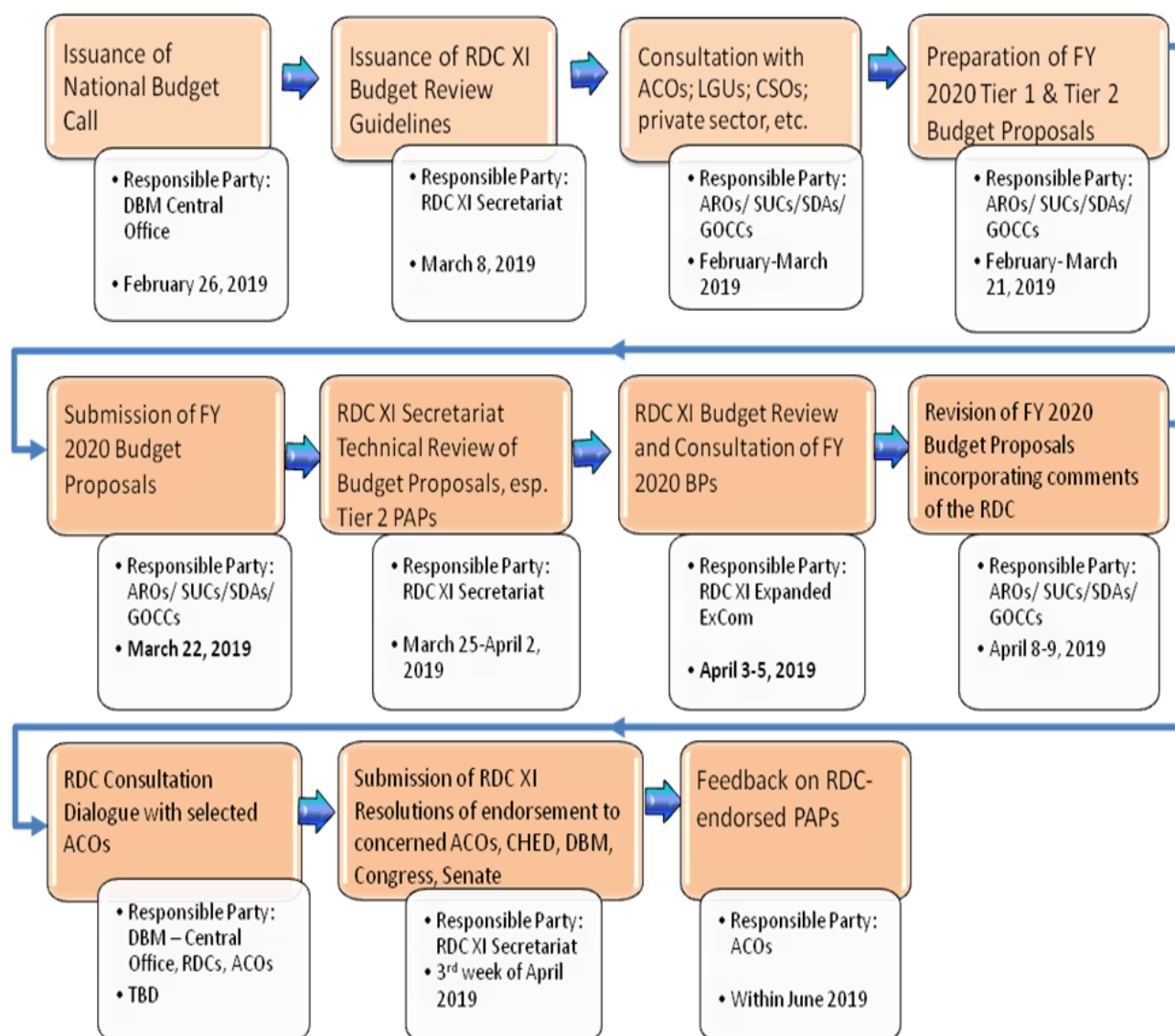
All FY 2020 Budget Proposals favorably acted upon by the RDC XI shall be issued a resolution of endorsement. The approved list of PAPs in the prescribed format (Summary matrix labeled as Annex A.1 and A.2) shall form an integral part of the resolution.

- Budget Proposals with Modifications

The RDC XI Secretariat shall provide all concerned AROs/SUCs/SDAs/selected GOCCs with the RDC XI's comments and modifications on their budget proposals a day after the agency's presentation. These comments shall serve as the ARO's inputs to BP Form C (*Summary of RDC Inputs and Recommendations on Agency New and Expanded Programs and Projects*), which shall be prepared by the ACO.

All concerned AROs/SUCs/SDAs/selected GOCCs shall then submit to the RDC XI Secretariat the revised list of PAPs as recommended by the RDC XI during the budget review and consultation. The RDC XI Secretariat shall authenticate such revised list and report the same to the Council.

## VII. Process Flow Diagram



## VIII. Regional Budget Calendar

	Activity	Responsible Entity	Date
1	Issuance of Guidelines for the RDC XI Budget Review and Consultation	RDC XI	March 8, 2019
2	FY 2020 Budget Proposal Preparation, including conduct of consultations by concerned agencies with LGUs, Civil Society Organizations (CSOs), private sector and other interested stakeholders	AROs/SUCs/SDAs/ selected GOCCs	March 11 – March 21, 2019
3	Submission of FY 2020 Budget Proposals to the RDC XI Secretariat	AROs/SUCs/SDAs/ selected GOCCs	<b>March 22, 2019</b>
4	RDC XI Technical Secretariat Review	Secretariat	March 25-April 2, 2019
5	RDC XI Expanded ExCom meeting for the consultation-review of the FY 2020 Budget Proposals	Expanded RDC XI ExCom	<b>April 3-5, 2019</b>



6	RDC Consultation/Dialogue with selected Agency Central Offices	RDC XI	(TBD)
7	Submission of RDC XI Resolutions to concerned ACOs, CHED, DBM, Congressional Representatives and Senate	RDC XI Secretariat	April 15, 2019
8	Submission of PCW-approved 2020 GAD Plan and Budget regional component to the RDC XI Secretariat	AROs/SUCs/SDAs/ selected GOCCs	(TBD)
9	Feedback on RDC XI-endorsed programs/projects which are to be incorporated in the ACO budget submission to DBM	ACOs/ concerned AROs/SUCs/SDAs/ selected GOCCs	(TBD)

Approved for Implementation:

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