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Background on
the 2017-2022
Public Investment
Program
Formulation

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ABOUT THE PUBLIC INVESTMENT PROGRAM

The 2017-2022 Public Investment Program (PIP) contains the rolling list of priority programs and projects (PAPs) to be implemented by national government agencies (NGAs), government-owned and controlled corporations (GOCCs), government financial institutions (GFIs), and other national government offices and instrumentalities, including state universities and colleges (SUCs) within the medium term (or the Plan period: 2017 to 2022). These priority PAPs are aimed at contributing to the achievement of the societal goal and targets in the Philippine Development Plan (PDP) and are responsive to the outcomes and outputs in its Results Matrices (RM). These PAPs may be financed through various sources, namely: national government financing (including the internal cash generated by GOCCs), partnership with the private sector or the public-private partnership (PPP) scheme, and official development assistance or ODA, which could either be in the form of grants and/or loans from development partners.

PIP IN THE PLAN-PROGRAM-AND-BUDGET FRAMEWORK

The PIP is a six-year programming document accompanying the PDP, and is formulated by the government at the start of an administration, together with the RM. The 2017-2022 PIP, like the PDP, is also anchored on the President's 0-10 Point Socioeconomic Agenda,¹ and is geared towards the long-term vision for the Philippines or the *AmBisyon Natin* 2040² and the 2030 Agenda for Sustainable Development.³ It contains priority PAPs that are responsive to the strategies and indicators in the PDP and RM. It also serves as a guide in the programming and budgeting of PAPs, and eventually, in the monitoring and evaluation of annual progress and End-of-Plan targets.

¹ Outlines the priority strategies of the President that have direct and positive impact on the lives of the Filipino people in order to attain genuine and inclusive growth.

² Executive Order No. 05, s. 2016, Approving and Adopting the Twenty-Five-Year Long Term Vision Entitled *AmBisyon Natin* 2040 As Guide for Development Planning. It provides that the four PDPs to be crafted and implemented until 2040 shall be anchored on *AmBisyon Natin* 2040, which proposes that "By 2040, the Philippines shall be a prosperous, predominantly middle-class society, where no one is poor. Our people will enjoy long and healthy lives, are smart and innovative, and will live in a high-trust society." This ensures sustainability and consistency of strategies, policies, programs, and projects across political administrations. Available at the *AmBisyon Natin* 2040 website: http://2040.neda.gov.ph/wp-content/uploads/2016/10/EO-No.05_Ambisyon-Natin-2040.pdf.

³ Memorandum Circular No. 12, s. 2016 signed by President Rodrigo Duterte.

At the programming stage, each national government agency or office, taking off from the development agenda contained in the PDP and RM, prepares a rolling list of its priority PAPs. Agencies and offices are expected to come up with their respective lists of priority PAPs following the guidelines issued by the National Economic and Development Authority (NEDA). Thereafter, the list of priority PAPs is submitted to NEDA for inclusion in the PIP.

During budget preparation, national government agencies and offices should link the annual budget to the Plan. This link will be established by ensuring that PAPs to be allocated with resources or submitted for inclusion in the National Expenditure Program (NEP) and/or funded under the General Appropriations Act (GAA) are responsive to the Plan and are included in the PIP. In the same manner, the PIP becomes a mechanism in improving resource mobilization towards PAPs that achieve sector outcomes embodied in the Plan. The PAPs included in the PIP shall be accorded priority in the review of annual budget proposal of line agencies conducted by the oversight agencies and are expected to be provided with annual allocation.

PIP AS A PROGRAMMING DOCUMENT

In line with Memorandum Circular No. 12 dated October 24, 2016 from the Office of the President, and the Planning Guidelines for the Formulation of the 2017-2022 PDP and PIP, NEDA issued the guidelines for the submission of priority PAPs for the 2017-2022 PIP on January 20, 2017. The PIP Guidelines set forth the criteria for inclusion of PAPs in the PIP through the PIP Online (PIPOL) System and provide the timeline of PIP formulation activities.

Box 1.1. Set of Criteria for 2017-2022 PIP

On January 20, 2017, NEDA issued the call for the submission of inputs for the 2017-2022 PIP to all the heads of NGAs, GOCCs, GFIs, and other national government offices.

For this formulation exercise, the PAPs submitted for inclusion in the 2017-2022 PIP should be:

- a. Responsive to the 2017-2022 PDP and its RM, and the 0-10 Point Socioeconomic Agenda; and
- b. Included in any of the following:
 - i. NEP;
 - ii. GAA;
 - iii. Multi-Year Obligational Authority;
 - iv. Existing master plan/ sector studies/ procurement plan;
 - v. Signed multilateral/ bilateral agreement(s) between government and development partner; and
 - vi. List of regional development council (RDC)-endorsed projects.

In terms of readiness, the PAPs to be included in the 2017-2022 PIP are those that are:

- a. To be implemented within 2017-2022; and
- b. With pre-investment study available as follows:
 - i. Level 1: With NEDA Board and/or Investment Coordination Committee (ICC)⁴ approval but not yet ongoing;
 - ii. Level 2: With Project Proposal/Feasibility Study (FS) completed, for ICC processing in 2017 (where applicable), and for inclusion in the NEP for 2018;
 - iii. Level 3: With Project Proposal/FS currently being prepared and to be completed in 2017, for ICC processing in 2018 (where applicable), and for inclusion in the NEP for 2019; and
 - iv. Level 4: With Concept Paper and Project Proposal/FS for completion in 2018, for ICC processing in 2019 (where applicable), and for inclusion in the NEP for 2020.

Finally, the typologies of PAPs in the 2017-2022 PIP are:

- a. Capital investment projects to deliver public goods and services that contribute specifically to the country's productive capacity;
- b. Technical assistance and institutional development activities; and
- c. Relending activities of GFIs to national government offices and/or local government units (LGUs).

The 2017-2022 PIP, however, excludes recurrent cost on the general operations of the government, personnel services, and/or guarantee-related activities to private institutions, including PAPs to be financed purely from LGU revenues and independent projects of the private sector and those of non-governmental organizations.

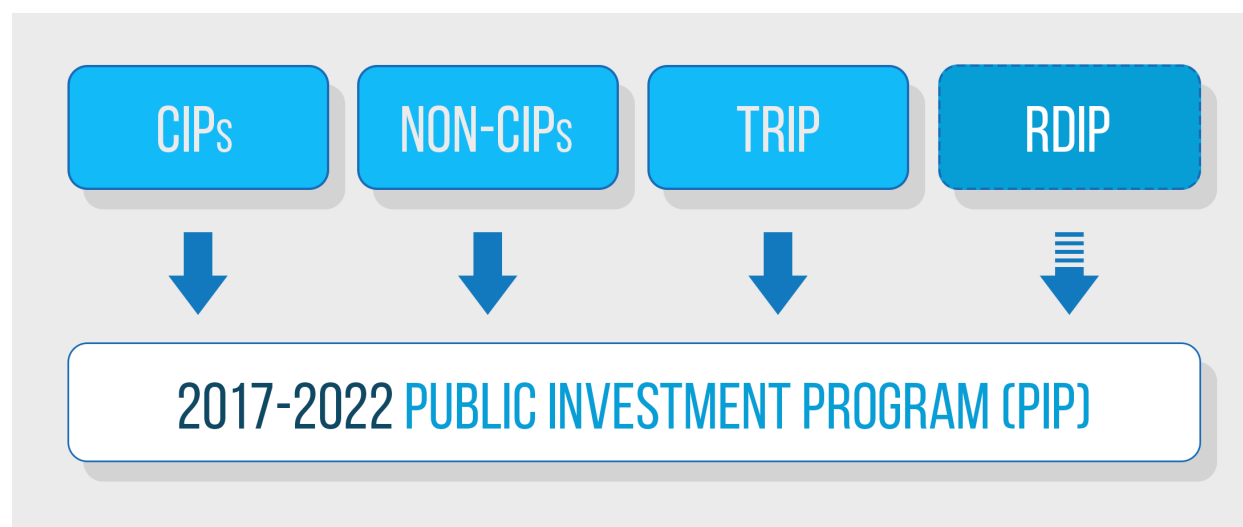
⁴ The ICC is an inter-agency body that evaluates the fiscal, monetary, balance of payments, and implications of major national projects, and recommends to the President the timetable of their implementation on a regular basis.

As a programming document, the PIP has three subsets, namely: the Core Investment Programs/ Projects (CIPs), non-CIPs, and the Three-Year Rolling Infrastructure Program (TRIP). CIPs refer to the big ticket PAPs of the PIP that serve as the pipeline for the ICC and the NEDA Board review and approval. CIPs will be implemented, through national government funds, in partnership with the private sector or for PPP implementation, or through ODA. Non-CIPs refer to proposed priority PAPs that need not go through the ICC or NEDA Board review and approval process, as well as to ongoing priority PAPs.

TRIP, on the other hand, is a three-year programming document containing nationally-funded priority infrastructure PAPs. It shall form the basis of the Department of Budget and Management (DBM) in the determination of infrastructure PAPs to be included in the GAA or the national budget of the government. It also serves as a mechanism to monitor progress on the government's target to increase infrastructure spending as percentage of the country's gross domestic product.

The 2017-2022 PIP also includes national government (NG)-implemented PAPs under the Regional Development Investment Program (RDIP). For these PAPs to be included in the PIP, they should contribute to the sectoral outcomes in the PDP and RM, are for implementation within 2017 to 2022, and are endorsed by the RDCs. Sectoral inputs of national government agencies and offices should be spatially coherent with the RDIP. This is in line with NEDA's continuing efforts to link the PIP with the RDIPs. Figure 1.1 below provides a simple illustration of the relationship among the PIP, CIP, non-CIPs, TRIP, and RDIP.

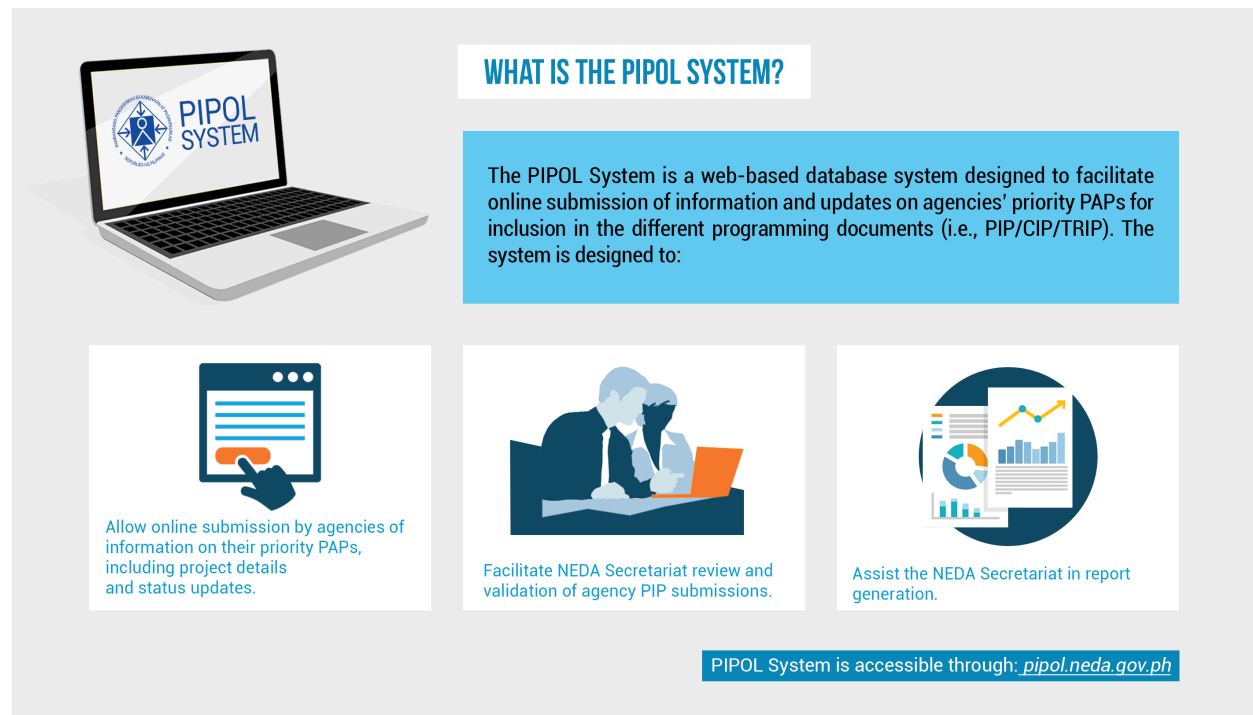
Figure 1.1. PIP, CIP, Non-CIP, and RDIP Relationship



FORMULATION OF THE 2017-2022 PIP

As part of the initiatives to streamline the process of investment programming for the PIP formulation exercise, NEDA launched the PIPOL System. The PIPOL System is an online database that manages data entry and updates on PAPs under the PIP.

Figure 1.2. PIPOL System



Following the issuance of the call for the submission of priority PAPs, the NEDA PIP Secretariat conducted series of briefings to designated PIP Focals and PIPOL System users of national government agencies and offices who are authorized to encode details of their respective PIP submissions. The briefings covered the discussion of the PIP Guidelines and featured orientation and hands-on sessions on the modules and functionalities of the PIPOL System.

In submitting inputs for the 2017-2022 PIP, agencies/offices were requested to reconfirm priority accorded to PAPs/CIPs earlier submitted in the PIPOL System during the CIP updating exercise.⁵ They were likewise requested to submit a list of new and ongoing priority PAPs to be implemented over the medium term.

⁵ Based on the NEDA Memorandum issued on June 30, 2016 to All Heads of NGAs, GOCCs, GFIs, and Other National Government Offices on the Updating of the CIPs under the 2017-2022 PIP.

Agencies/offices were also requested to confer with their respective regional offices in the formulation of the agency's PIP submission. PAPs complementing other productive sectors of the economy and with identified interregional or national impact that contribute to the goals and targets of the PDP and RM were asked to be prioritized. They were also requested to validate and consider proposed NG-implemented PAPs from the RDIPs submitted by the NEDA Regional Offices (NROs) through the PIPOL System.

Submission of the agencies' inputs in the PIPOL System was set until March 15, 2017.⁶ PIP submissions should be duly endorsed by the head of the mother and/or attached agency,⁷ where applicable, and the Commission on Higher Education for SUCs.⁸

PIP submissions from agencies/offices are then consolidated and subjected to the validation of the NEDA Secretariat. The validation process focused on determining the compliance of the submission with the criteria set for inclusion of PAPs in the PIP (responsiveness, readiness, and typology), appropriateness of the inclusion to the different programming documents (PIP/CIP/TRIP), and consistency of entries reflected in the PIPOL System vis-a-vis available information with the NEDA Secretariat on the PAPs. The NROs also provided inputs in the PIP validation, particularly on the status and inclusion of priority PAPs contained in their respective RDIPs.

Upon review and validation, the NEDA Secretariat submitted the result of its validation for confirmation to its respective Planning Committees (PCs) and Subcommittees (SCs). The PCs/SCs were given the flexibility to formulate their own prioritization/validation criteria or modify the prioritization criteria used by agencies. This is to ensure the responsiveness of the agencies' PIP submission to the PDP targets and RM outcome indicators. Simultaneously, from May 9 to June 2, 2017, the Preliminary Working Draft of the 2017-2022 PIP Chapters were provided to DBM as input to the technical budget hearings for the Fiscal Year (FY) 2018 Budget. Further, in a letter to DBM dated August 4, 2017, NEDA provided a copy of the Working Draft of the 2017-2022 PIP⁹ for the Department's consideration in the FY 2018 budget preparation process. The status of the CIPs, in particular, will be reported to the ICC on a regular basis. See Figure 1.3 for the 2017-2022 PIP formulation process flow.

The 2017-2022 PIP will undergo updating and revalidation to take into account the progress made and reflect necessary changes in the list of priority PAPs. The timeline for the PIP update and revalidation will be based on the activities and timeframe of PDP and RM formulation and updating, as well as on the schedule of the annual budget call, or as the need arises.

⁶ Extended until June 15, 2017.

⁷ In the case of GOCCs, endorsement of the corporation's President/Chairman was accepted.

⁸ In line with DBM's National Budget Memorandum No. 127 dated December 28, 2016 on the Budget Call for FY 2018.

⁹ PIP Working Draft as of July 25, 2017.

Figure 1.3. 2017-2022 PIP Formulation Process Flow

The PIP is a six-year programming document containing the list of priority programs and projects that are responsive to the societal goals and outcomes in the PDP and RM, and to be implemented by national government agencies and offices within the medium term.

