

MEMORANDUM

FOR : Heads of National Government Agencies (NGAs), Government-Owned and Controlled Corporations (GOCCs), Government Financial Institutions (GFIs), Other National Government Offices and Instrumentalities, and State Universities and Colleges (SUCs)

SUBJECT : Guidelines for the Updating of the 2017-2022 Public Investment Program (PIP) as Input to the FY 2021 Budget Preparation

DATE : August 27, 2019

I. Legal Basis

Pursuant to Section 3 of Executive Order (E.O.) No. 27 on the implementation of the 2017-2022 Philippine Development Plan (PDP) and PIP issued on June 1, 2017¹, the 2017-2022 PIP shall be updated annually and simultaneously with the preparations for the annual National Government (NG) budget, or as may be determined by NEDA.

Further, through Joint Circular No. 2017-1 dated June 30, 2017 among the Department of Budget and Management (DBM), Department of Finance (DOF), and NEDA on the NG Fiscal Calendar², NEDA is assigned to spearhead the necessary activities for the formulation/preparation of development planning and investment programming reports [i.e., PDP, PIP, Core Investment Programs and Projects (CIPs), Three-Year Rolling Infrastructure Program (TRIP), Socio-Economic Reports] and other documents.

Lastly, the Special Provision No. 3 in the General Appropriations Act (GAA) for 2019³ states that NEDA shall submit a copy of the PIP and its updates, including an explanatory chapter describing the PIP formulation or updating process, criteria for inclusion of programs and projects, and information on the implementation readiness and mode of implementation or financing which can be through local funds, Official Development Assistance (ODA), Public-Private Partnership (PPP), or other viable implementation or financing options, to the House Committee on Appropriations, Senate Committee on Finance, and the Committees on Economic Affairs of both Houses of Congress.

II. Plan-Program-Budget Linkage

As a six-year programming document accompanying the PDP or the Plan⁴, the PIP contains proposed and ongoing priority programs and projects (PAPs) that are responsive to the outcomes and outputs under the Results Matrices (RM)⁵ of the Plan.

¹ Copy of E.O. No. 27, s. 2017 'Directing All Government Agencies and Instrumentalities, Including Local Government Units, To Implement the Philippine Development Plan and Public Investment Program for the Period 2017-2022' could be accessed at this link: <http://www.officialgazette.gov.ph/downloads/2017/06jun/20170601-EO-27-RRD.pdf>.

² Copy of the DBM, DOF and NEDA Joint Circular No. 2017-1 dated June 30, 2017 on the National Government Fiscal Calendar could be accessed at this link: <https://www.dbm.gov.ph/wp-content/uploads/Issuances/2017/Joint%20Circular/DBM-DOF-NEDA%20JOINT%20CIRCULAR%20NO.%202017-1%20DATED%20JUNE%2030,%202017.pdf>.

³ Copy of the 2019 General Appropriations Act Special Provision on the Public Investment Program could be accessed at this link: <https://www.dbm.gov.ph/wp-content/uploads/GAA/GAA2019/Volumel/NEDA/A.pdf>.

⁴ The PDP is a national planning document prepared at the start of a new leadership, which highlights the aspirations and goals of the country for next six (6) years, including sector and sub-sector outcomes that are contained in the RM. Copy of the 2017-2022 PDP can be accessed through the following link: <http://pdp.neda.gov.ph/wp-content/uploads/2017/01/PDP-2017-2022-07-20-2017.pdf>.

⁵ The RM is an instrument designed to provide results orientation of the Plan by highlighting the achievement of results at different levels (i.e., outputs, outcomes and impacts). It contains statement of results to be achieved for sector and sub-sector outcomes with corresponding

During the programming stage, each agency⁶ or office formulates or updates its rolling list of priority PAPs which contributes in meeting the Plan targets and achieving RM outcomes. Also, the agency revisits its commitments under the PDP and RM to ensure that the agency has adequate interventions in the form of PAPs.

At this stage, agencies coordinate with its bureaus, attached agencies and regional offices to take into consideration regional priorities, particularly those PAPs included in the Regional Development Investment Programs⁷ (RDIPs) and/or endorsed by the Regional Development Council (RDC). The sectoral inputs of agencies are intended to be spatially coherent with the RDIP as part of NEDA's continuing effort to link the PIP with the RDIPs. The list of priority PAPs of agencies are submitted to NEDA, for possible inclusion in the Updated PIP.

During budget preparation, agencies ensure that priority PAPs to be allocated with resources or submitted for inclusion in the National Expenditure Program (NEP) and/or funded under the GAA are responsive to the Plan, and included in the PIP. In this way, the PIP serves as a mechanism in improving resource mobilization towards PAPs that contribute to meeting the Plan targets and in achieving RM outcomes. DBM shall accord priority to PAPs included in the PIP in its review of the annual budget proposal of line agencies.

III. PIP as a Programming Document

The Updated PIP shall contain the rolling list of priority PAPs to be implemented by NGAs, GOCCs, GFIs, other NG offices and instrumentalities, and SUCs within the medium-term (2017-2022) that contribute to the achievement of the societal goal and targets in the PDP and respond to the outcomes and outputs in its RM. These PAPs may be financed using NG funds, including internal cash generated by GOCCs/ GFIs, in partnership with the private sector [i.e., PPP or Joint Venture (JV) Arrangement], or through ODA (i.e., loans and/or grants), or other viable sources of financing.

The Updated PIP has the following subsets, namely:

- A. CIPs - refer to the **new or proposed big ticket PAPs** of the PIP for the Investment Coordination Committee (ICC) and the NEDA Board action;
- B. 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; and
- C. TRIP⁸ PAPs - refer to NG-funded priority infrastructure PAPs for FY 2021-2023.

baseline information, indicators, end-of-Plan targets and responsible agencies. Copy of the 2017-2022 PDP-RM can be accessed through the following link: <http://www.neda.gov.ph/wp-content/uploads/2017/11/Consolidated-Chapter-RMs-as-of-October-9-2017.pdf>.

⁶ Agency as used in this document refers collectively to all NGAs, GOCCs, GFIs, other national government offices and instrumentalities, and SUCs.

⁷ The RDIP contains priority PAPs that contribute to the societal goals and outcomes spelled out in the Regional Development Plan and its Matrices.

⁸ A three-year programming document containing NG-funded priority infrastructure PAPs. It shall form the basis of the DBM for the determination of the infrastructure PAPs to be included in the national budget of the Government. It also serves as a mechanism to monitor progress on the NG's target to increase infrastructure spending as a percentage of the country's gross domestic product.

IV. Objectives of the Updating of the 2017-2022 PIP as Input to the FY 2021 Budget Preparation

This set of Guidelines provides the framework and process for the updating of the 2017-2022 PIP to serve as input in plan-program implementation and budget preparation process for FY 2021. The Updated PIP is expected to:

- A. Contain the CIPs or pipeline of PAPs for ICC and/or NEDA Board action for the current and succeeding years within the medium-term (until 2022), with focus on projects for ICC processing in 2019 and 2020 that would require FY 2021 budget;
- B. Identify proposed priority PAPs responding to PDP/RM outcomes and outputs (as applicable) to be implemented within the medium term (until 2022), for funding through national government funds (GAA), ODA, or for implementation through PPP or JV, and/or other viable implementation or financing options;
- C. Monitor the status of proposed priority PAPs⁹ in terms of level of readiness and/or inclusion in the GAA or NEP, and ongoing priority PAPs¹⁰ in terms of status of implementation; and
- D. Identify PAPs that have been completed as of June 30, 2019¹¹, those that are expected to be completed by 2022, and those that are proposed to be dropped as priority PAPs¹².

V. Criteria for Inclusion of PAPs in the Updated PIP

The Updated PIP shall contain the priority PAPs¹³ of NGAs, GOCCs, GFIs, other NG offices and instrumentalities, and SUCs.

- A. **Proposed priority PAPs for inclusion in the Updated PIP should satisfy ALL of the following criteria:**

⁹ New priority program or project.

¹⁰ Ongoing - A program or project is considered ongoing as follows:

- a) if locally funded - upon issuance of notice to proceed to the winning bidder;
- b) if ODA-assisted - upon effectivity of signed loan or grant agreement; and
- c) if for implementation through Public-Private Partnership (PPP) or Joint Venture (JV) Arrangement - upon signing of concession/JV agreement, which includes unsolicited PPP PAPs initiated by private sector proponent with signed concession agreement.

¹¹ Program or project with program/project outputs delivered and accounts closed.

¹² Program or project is for delisting in the Updated PIP.

¹³ For the PIP Updating, only PAPs as defined below shall be submitted:

Program is a group of activities and projects that contribute to a common particular outcome. A program should have the following: (a) unique expected results or outcomes; (b) a clear target population or client group external to the agency; (c) a defined method of intervention to achieve the desired result; and (d) a clear management structure that defines accountabilities.

Project is a special undertaking carried out within a definite time frame and intended to result in some pre-determined measure of goods and services.

Source: Sections 4.10 and 4.13 of the National Budget Circular No. 569 dated February 8, 2017 on the Adoption of Program Expenditure Classification-Based Performance-Informed Budgeting for the Preparation of the Proposed National Budget for Fiscal Year 2018

1. Responsiveness

- a. Responsive to the current PDP-RM, and 0 to 10-Point Socioeconomic Agenda; and
- b. Included in ANY of the following:
 - i) GAA;
 - ii) NEP;
 - iii) Multi-Year Obligational Authority (MYOA)/ Multi-Year Contracting Authority (MYCA);
 - iv) Existing masterplan/ sector studies/ procurement plan;
 - v) List of RDC-endorsed NG PAPs;
 - vi) Signed Agreements (e.g. Peace Agreements);
 - vii) Existing laws, rules or regulations; and
 - viii) Regular program (e.g., HFEP, PAMANA, etc.).

2. Readiness

- a. To be implemented within 2019-2022; and
- b. With level of readiness as follows:

Level of Readiness	CIPs	Non-CIPs
1	with NEDA Board and/or ICC project approval but not yet ongoing	with approval of appropriate approving body but not yet ongoing
2	with project preparation document ¹⁴ completed, for ICC processing in 2019 or 2020, if for NG funding, included in the NEP for FY 2020 or for inclusion in NEP for FY 2021	with project preparation document completed, for approval of appropriate approving body in 2019 or 2020, if for NG funding, included in the NEP for FY 2020 or for inclusion in NEP for FY 2021
3	with project preparation document currently being prepared and to be completed in 2020, for ICC processing in 2021, if for NG funding, for inclusion in the NEP for FY 2022	with project preparation document currently being prepared and to be completed in 2020, for approval of the appropriate approving body in 2021, if for NG funding, for inclusion in the NEP for FY 2022
4	with project preparation document for completion in 2021, for ICC processing in 2022, if for NG funding, for inclusion in the NEP for FY 2023	with project preparation document for completion in 2021, for approval of the appropriate approving body in 2022, if for NG funding, for inclusion in the NEP for FY 2023

3. Typology

- a. Capital investment projects to deliver public goods and services that contribute specifically to the country's productive capacity (e.g., infrastructure development projects, delivery of social services).

¹⁴ Refers to either F/S, business case, project proposal, concept note, etc., whichever is applicable.

For ICT PAPs, these refer to capital outlay components of the Information Systems Strategic Plan¹⁶ (ISSP) of the agencies.

For culture PAPs, these refer to capital outlay components required for conservation of cultural properties as defined by Republic Act (R.A.) 10066, s.2009 or the National Cultural Heritage Act of 2009¹⁷.

Consistent with the National Budget Memorandum No. 131, (dated February 26, 2019)¹⁸, infrastructure capital investments shall factor in resiliency to withstand natural calamities.

Information on the requirements for pre-investment activities [e.g., Master Plans, F/S, etc.] that must be undertaken to develop the capital investment project for approval and implementation, as well as project implementation requirements for Right-of-Way (ROW) and Resettlement that may be needed, shall be included in the agency submission.

- b. Technical assistance PAPs such as research and development, institutional development, human resource capacity building or system/process improvement PAPs;
- c. Relending PAPs to local government units (LGUs) or other target beneficiaries; and
- d. Government facilities which are part of agencies' development strategies and contributing to the outcome and output targets contained in the PDP-RM.

The following proposed priority PAPs are classified and **should be tagged as Core Investment Programs and Projects (CIPs) in the PIPOL System** if these will require ICC and/or NEDA Board review and/or approval:

- a. Locally-funded major capital PAPs¹⁹ with total project cost of at least PhP2.5 billion²⁰;
- b. ODA grant-assisted PAPs with total project cost of at least PhP2.5 billion;

¹⁶ As approved by the Medium-Term Information and Communications Technology Harmonization Initiative Steering Committee.

¹⁷ An Act Providing For The Protection And Conservation Of The National Cultural Heritage, Strengthening The National Commission For Culture And The Arts (NCCA) And Its Affiliated Cultural Agencies, And For Other Purposes.

¹⁸ Section 7.0 of the NBM No. 131 Annex B-Specific Guidelines on the Allocation for Objects of Expenditure indicates that 'Budget proposal for infrastructure outlay shall adopt the most recent standard cost from DPWH for infrastructure, i.e., factoring resiliency to withstand natural calamities and other prerequisites as enumerated in BP Forms 202 and 203'.

¹⁹ A major capital program/project (MCP) involves investments in physical and human capital through expenditures or transfers by the National Government. As a rule, MCPs can be evaluated, specifically in terms of financial and economic viability (Source: ICC Guidelines and Procedures as of March 4, 2005).

²⁰ Please refer to the June 27, 2017 ICC Memo to Agencies on the PhP2.5 Billion Project Cost Threshold for ICC Review and Approval of Project Proposals. Copy of the ICC Memo could be accessed through this link: <http://www.neda.gov.ph/wp-content/uploads/2017/08/Revisions-on-ICC-Guidelines-and-Procedure-2.5-Billion.pdf>.

- c. ODA loan-assisted PAPs (including relending PAPs, program loans such as budget support, etc.) regardless of amount requiring NG guarantee;
- d. Solicited national PPP PAPs²¹;
- e. JV PAPs with government contribution of at least PhP150 million²²;
- f. Administrative buildings with total project cost of at least PhP1 billion²³; and
- g. All new PAPs which will require ICC approvals based on existing laws, rules and regulations.

B. Ongoing Priority PAPs

Ongoing priority PAPs to be included in the Updated PIP should satisfy the criteria on responsiveness (V.A.1) and typology criteria (V.A.3). Further, agencies shall submit updates on the status of implementation of ongoing PAPs in the 2017-2022 PIP in terms of their physical (percentage of completion) and financial (utilization rate) status, based on available data from the respective agencies, and if applicable, as culled from the GAA of preceding year(s) and the NEP for FY 2020.

C. PAPs for Exclusion in the Updated PIP

The Updated PIP excludes the following:

1. Recurrent cost on the general operations of the government (e.g. supplies and materials, personnel services, etc.) and/or guarantee-related activities to private institutions;
2. PAPs to be financed purely from LGU funds and independent projects of the private sector;
3. Administrative capital outlay, e.g. procurement of equipment;
4. Creation of an office and reorganization-related activities;
5. Roadmap, masterplan, ISSP of implementing agencies, including continuing or operating ICT expenses. However, priority projects mentioned in the roadmap/masterplan, etc., that are responsive to the PDP/RM should be included in the PIP;

²¹ Pursuant to the Revised Implementing Rules and Regulations of Republic Act (R.A.) No. 6957, "An Act Authorizing the Financing, Construction, Operation and Maintenance of Infrastructure Projects By The Private Sector And For Other Purposes", As Amended By R.A. No. 7718.

²² Based on the 2013 Revised Guidelines and Procedures for Entering into JV Agreements between Government and Private Entities. This should exclude negotiated JVs initiated by private sector proponent. Copy of the 2013 JV Guidelines could be accessed through this link: <http://www.neda.gov.ph/wp-content/uploads/2017/09/2013-Revised-JV-Guidelines.pdf>.

²³ Pursuant to July 14, 2014 ICC Memo to Agencies on the ICC Procedure on the Review and Approval Process for Public Buildings/Facilities Costing At Least PhP1 Billion. Copy could be accessed through this link: <http://www.neda.gov.ph/wp-content/uploads/2014/12/ICC-Procedures-on-the-Review-and-Approval-Process-for-Public-Buildings-Facilities-Costing-PhP1-B.pdf>

6. Stand-alone preparatory activities for infrastructure PAPs such as resettlement action plan (RAP), ROW acquisition, pre-F/S, F/S and detailed engineering design (DED), among others. However, the priority projects requiring the preparatory activities that are responsive to the PDP and RM should be included in the PIP;
7. Funding facilities managed by implementing agencies as part of their regular program/mandate, which provide financing for project pre-investment activities;
8. Acquisition of lot;
9. Construction, improvement, rehabilitation, restoration or maintenance of a single unit of a building/ structure (e.g. office, room), *unless it shall be done for the protection and preservation of cultural properties as defined by R.A. 10066*; and
10. Landscaping, site development, installation of perimeter fence or similar non-infrastructure items which may not contribute specifically to country's productive capacity, *unless it shall be done for the protection and preservation of cultural properties as defined by R.A. 10066*.

VI. Submission and Validation of Updated PIP

A. The agencies shall:

1. Preparatory Stage (July to August). Undertake investment programming activities at the agency level:
 - a. The agencies shall ensure that all priority PAPs that are for submission in the Updated PIP respond to PDP, RM, and 0 to 10-Point Socioeconomic Agenda and are consistent with the planning documents and tools in **Annex A** for consideration in the inclusion of priorities under the Updated PIP. To ensure responsiveness of PAPs to PDP and RM, each agency or office shall be required to identify the RM outcome statement up to RM output indicator (as applicable) to which the agency PAPs are contributing or expected to contribute.
 - b. Identify and/or update the information on the agency's ongoing and proposed priority PAPs that will qualify as PIP based on the criteria for inclusion provided in Section V above.
 - c. Ensure that all NG PAPs included in the RDIPs and/or endorsed by the RDCs, which contribute to the sectoral outcomes and outputs (as applicable) in the PDP and RM, are included in the Agency Updated PIP. The central offices of the agencies are required to coordinate with its regional offices, bureaus and attached agencies to seek their inputs in the updating of the Agency PIP. The agencies are enjoined to provide feedback to the concerned RDCs on the reasons for the non-inclusion in the PIP of the priority NG-implemented PAPs that are in RDIPs.

- d. Authorize Agency PIP Focals, led by an official with at least Director IV level position and two (2) technical staffs, who will access the PIPOL System and encode the data requirements that need to be reflected in the PIPOL System. Please refer to the August 1, 2019 NEDA Memorandum to Agencies requesting for the designation of Agency PIP/ TRIP Focals.
 - e. Authorize Agency PIP Focals to attend the briefing on the PIP Updating Guidelines and hands-on session on the PIPOL System.
 - f. Participate in other PIP-related meetings, as may be requested.
2. Project Submission Stage (September to October). Submit inputs through the PIPOL System:
- a. For this updating, agencies can add new PAPs, update details of previously encoded priority PAPs, or delete earlier encoded PAPs that are proposed to be delisted in the Updated PIP. It is understood that only duly endorsed/ approved PAPs by the Head of the Agency and the Mother Agency²⁴, where applicable, should be encoded in the PIPOL System on or before the set deadline of October 11, 2019.
 - b. Agencies should encode the requested information through the PIPOL System and ensure the complete and timely submission of inputs.
3. Validation Stage (October to November). Coordinate with the concerned NEDA PIP Chapter Focals, as necessary, on the validation of the submitted inputs, and with the PIP Secretariat for any concerns on submissions of inputs using the PIPOL System.

B. The NEDA Secretariat

1. **The PIP Secretariat shall:**
- a. Coordinate the overall preparation of the updated PIP, including the dissemination of the PIP Updating Guidelines, conduct of briefings for agencies and hands-on sessions on the PIPOL System, responding to queries or requests for clarification addressed to the PIP Secretariat, and issuance of advisories or updates in the course of the updating of the PIP, as necessary; and
 - b. Prepare the PIP Report and submit to appropriate bodies (e.g. relevant NEDA Board Committee, DBM and /or Congress).

²⁴ Office of the President-Office of the Cabinet Secretary for agencies covered by E. O. No. 1, series of 2016 'Reengineering the Office of the President Towards Greater Responsiveness to the Attainment of Development Goals'; President/Chairman for GOCCs and GFIs; Commission on Higher Education for SUCs in relation to the January 3, 2018 NBM No. 129 on National Budget Call for FY 2019.

2. The NEDA PIP Chapter Focals shall:

- a. Validate the submission of agencies in the PIPOL System under respective PIP Chapters in terms of compliance with the criteria for inclusion of PAPs under the Updated PIP, and completeness and accuracy of submissions [e.g. computed investment targets, appropriateness of project under the identified RM outcome up to output indicator (as applicable), sources of financing, spatial coverage, level of readiness and status (physical and financial), among others].

In the course of validation, the NEDA PIP Chapter Focals can drop from the agency submitted PIP list those PAPs that do not satisfy the criteria (e.g. not responsive to the PDP, RM and 0 to 10-Point Socioeconomic Agenda, not implementable within 2019-2022, recurrent cost, etc.) or with incomplete information. The PIP Chapter Focals shall coordinate with the concerned agencies in this regard.

- b. Provide technical assistance to agencies under respective sectors, especially with regard to concerns on compliance with the criteria for inclusion of priority PAPs in the Updated PIP.
- c. Draft and finalize PIP Chapter document (e.g. list of priority PAPs, accompanying summary tables, write-ups) and present/submit the same to the appropriate NEDA Board Committee, Cabinet Cluster, inter-agency committee and other relevant bodies (as may be directed).
- d. Ensure confirmation of the PIP Chapter document and list of priority PAPs under respective PIP Chapters by the appropriate NEDA Board Committee, Cabinet Cluster or inter-agency committee in Chapter 21-Plan Implementation and Monitoring of the 2017-2022 PDP, as amended by NEDA Memorandum Circular (MC) No. 1, s. 2018. The NEDA PIP Chapter Focals are responsible to provide technical and logistical support in the conduct of interagency committee/cluster and other PIP-related meetings under the respective PIP Chapters.
- e. Assist the PIP Secretariat in the dissemination of the PIP Updating Guidelines to concerned agencies and participate in PIP-related meetings, as requested.

3. NEDA Regional Offices (NROs) PIP Focals

- a. Assist in disseminating the Guidelines and other related information on the PIP to agency regional offices (including SUCs), to facilitate agency regional offices' submission of timely inputs to their respective central offices, including list of respective PAPs in the RDIPs that are endorsed by the RDCs;
- b. Review the submitted PAPs (region-specific and interregional) by the agencies (including SUCs) in the PIPOL System within respective regions in terms of consistency with regional priorities (e.g. RDC endorsement, RDIP as basis);

- c. Coordinate with the concerned agency regional offices (including SUCs) on PAPs that are both submitted and not submitted by the central/mother agencies in the PIPOL System; and,
- d. Participate in PIP-related meetings, as requested.

C. Coordination Mechanism

In relation to EO No. 27, s. 2017 issued on the implementation of the 2017-2022 PDP and PIP, the monitoring of outcomes and implementation shall be reported regularly to the appropriate NEDA Board Committees, existing Cabinet Clusters or inter-agency committees of the government as may be instructed. The appropriate NEDA Board Committee, Cabinet Cluster and inter-agency committee shall confirm the listing of priority PAPs in their respective PIP Chapter based on the inputs of the NEDA PIP Focals. The coordination mechanism as identified in Chapter 21-Plan Implementation and Monitoring of the 2017-2022 PDP as amended by NEDA MC No. 1, s. 2018²⁵, is adopted for the PIP updating and implementation over the medium-term.

VII. The PIPOL System

The PIPOL System is a web-based project database system that manages data entry and updates on priority PAPs, including generation of reports. This can be accessed at URL address: <http://pipol.neda.gov.ph>. For the PIP updating, the PIPOL System Version 2.0 shall be utilized by the agencies to encode and submit respective priority and approved/endorsed PAPs proposed for inclusion in the Updated PIP, and by the NEDA PIP Focals to validate agency submissions.

Agencies can encode priority PAPs in the PIPOL System starting **September 5, 2019 until October 11, 2019**. A PIPOL System Version 2.0 User's Manual will also be available in the PIPOL System for reference and guidance.

The list of data entry requirements for submission of priority PAPs in the PIPOL System is outlined in **Annex B**, for reference.

²⁵ Please refer to Annex B of the NEDA MC no.1, s. 2018 on "Integrating the Reorganized Cabinet Cluster System in the PDP Coordination Mechanism and Directing All Concerned National Government Agencies to Align their Performance and Projects Roadmap with the PDP Implementation Workplan".