

**DEPARTMENT OF BUDGET AND MANAGEMENT (DBM)-
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY (NEDA)
JOINT CIRCULAR No. 2016-01**

29 January 2016

TO All Departments, Bureaus, Offices, and Agencies of the National Government (NG), Including State Universities and Colleges (SUCs) and Government-Owned and/or Controlled Corporations (GOCCs)

SUBJECT POLICY GUIDELINES AND PROCEDURES FOR THE FORMULATION OF THE THREE (3) - YEAR ROLLING INFRASTRUCTURE PROGRAM (TRIP)

1.0. BACKGROUND AND RATIONALE

The NEDA Board Committee on Infrastructure (INFRACOM), during its 27 October 2014 meeting, approved the reinstitution of the Three (3)-Year Rolling Infrastructure Program (TRIP) in order to build the pipeline of strategic and other projects needed to sustain inclusive economic growth. It shall synchronize the infrastructure planning, programming, budgeting and execution processes of the government both at the oversight and implementing agency (IA) level. This shall ensure that the agencies' annual budget ceilings are optimized and utilized in the funding of priority infrastructure programs/activities/projects (PAPs) which are responsive to the outcomes and outputs under Philippine Development Plan (PDP) and are readily implementable so as to minimize under spending, expenditure realignments or cost overruns.

The different stages of the projects listed under the TRIP shall be determined so that the TRIP can indicate the type and magnitude of budgetary resources needed by the projects, i.e., for resettlement action plans (RAP), development of feasibility studies (F/S), right-of-way (ROW) acquisition, detailed engineering design (DED), pre-construction expenses, or construction implementation. The objective is to ensure that well developed and readily implementable projects queue up for the budget and a more rigorous program and project appraisal system can also be put in place. This shall contribute to confidence that the agency proposals shall indeed have a positive net contribution to national economic and social welfare through proper complementation and convergence of programs/projects (e.g., roads/rail to ports/airports).

The TRIP can also be used by the government as a programming and monitoring mechanism in ensuring that the National Government's (NG) target spending on

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public infrastructure shall be met [i.e., at least 5% of Gross Domestic Product (GDP) in 2016].

2.0 PURPOSE AND COVERAGE

This Joint Circular is being issued to guide all concerned Departments, Bureaus, Offices and Agencies of NG, including SUCs and GOCCs in the development and updating of the TRIP. It shall cover all nationally-funded infrastructure projects irrespective of cost and financing source, e.g., whether foreign-assisted projects or locally-funded projects, based on the synchronized planning, programming and budgeting process of the government, including public-private partnership (PPP) projects.

3.0 GENERAL POLICY

It is the policy of the State to promote the optimum utilization of public resources consistent with the priorities and strategies in the PDP. For this purpose, any available fiscal space shall be allocated to readily implementable priority programs/projects, especially support infrastructure that promotes economic growth and inclusive development to priority sectors/industries, among others, the agriculture & fisheries (A&F) sector, the tourism, industry and the micro, small and medium enterprises (MSMEs).

The infrastructure policy shall be an instrument towards growth regions/corridors.

4.0 DEFINITION OF TERMS

- 4.1 Infrastructure PAPs - these are PAPs involving the construction, improvement, rehabilitation, restoration or maintenance of physical structures, systems and facilities needed for the operation of the government and for the provision of government services.
- 4.2 Infrastructure projects shall cover the construction, improvement, rehabilitation, restoration or maintenance of roads and bridges including highways, expressways, interchanges, tunnels; non-rail based mass transit facilities; railways; airports; seaports/fish ports including navigable inland waterways, piers, wharves, quays; information and communication technology and facilities including backbone network, terrestrial and satellite facilities, IT networks and database infrastructure; irrigation, flood control and drainage, water supply, sanitation, sewerage and solid waste management systems and facilities; shore/coastal protection, energy/power and electrification facilities; national/government buildings; school buildings and hospital buildings, reclamation and dredging works; industrial and tourism estates or townships; housing projects; warehouses; post-harvest facilities; public markets, slaughterhouses; major public and national security facilities/equipment and other climate change mitigation and adaptation infrastructure projects, among others, as defined under the following laws Republic Act (RA) No. 9184 or the Government Procurement Reform Act (GPRA), RA No. 6957 as amended by RA

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No. 7718 or the Build, Operate and Transfer (BOT) Law, and the Joint Venture (JV) Guidelines.

4.2.1 To provide further guidance, **Annex A** lists the type of additional programs/projects not mentioned in the coverage above that shall also be considered as Infrastructure Outlays.

4.2.2 Exceptions include items related to "stand alone" capital equipment (e.g., computers, printers and motor vehicles) classified under General Administrative and Support Services (GASS) and Support to Operations (STO).

4.3 Readiness of Project - considers the readiness of agencies/units to implement the construction phase of projects/programs, such that the projects are readily implementable within the prescribed timeline, armed with the required approvals by the appropriate authorities [e.g., NEDA Board, Investment Coordination Committee (ICC), Regional Development Council (RDC), etc.] and have undergone *FIS* and/or with pre-F/S and DEDs, RAP and with no issues related to ROW acquisition, if applicable.

4.4 Infrastructure PAP preparatory activities - include activities such as RAP, ROW acquisition, pre-F/S, *FIS* and DED, among others.

4.5 On-going projects - projects that are included and funded through the General Appropriations Act (GAA) and already in the actual implementation/construction stage of the project.

5.0 GENERAL GUIDELINES

5.1 The TRIP shall be submitted by NEDA to the DBM upon approval/confirmation of the NEDA Board - INFRACOM for: (a) the determination of program spending levels for presentation/approval of the DBCC; and (b) consideration in determining agency budget ceilings. This shall then serve as the basis for the list of infrastructure-related PAPs (new and on-going) to be included by DBM in the National Expenditure Program (NEP). Further, it shall be updated annually to guide the Forward Estimates (FEs) for on-going and new infrastructure PAPs for budgeting purposes.

5.2 Agencies shall also distinguish projects based on (a) status (i.e., on-going or new programs/projects); (b) project type (i.e., project/program; subsidy to LGUs/GOCCs/NGAs, etc.; recurring activity based on mandate); (c) project support requirement (e.g., for *FIS*, ROW acquisition, DED, implementation); (d) source of main financing (e.g., locally-funded; foreign-assisted; grant; PPP) and; (e) type of obligation (i.e., one-time or multi-year investments).

5.3 Programs/projects costing above PhP1 billion, regardless of financing source, are required to undergo the Investment Coordination Committee (ICC) approval process. Agencies shall seek and/or secure ICC-Cabinet Committee approval by

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September of the second year preceding the target year of start of implementation (i.e., projects programmed to start implementation in 2017 shall be ready to secure approval and/or submit the proposed project to the ICC for approval by September 2015), in time for the submission of PAPs to NEDA for inclusion in the TRIP (in accordance with Section 6.2). This shall also allow about 12 months to prepare the necessary loan agreements and DEDs; to settle right-of-way issues/acquisition; or to undertake the necessary procurement activities prior to actual start of project. Otherwise, the project may not be included in the NEP. This measure is being put in place to be able to ensure that resources are allocated to readily implementable projects.

- 5.4 Non-IT Projects costing less than PhP1 billion shall seek/secure necessary approval from the appropriate bodies [e.g., Head of Agency, Regional Development Council (RDC)] by September of the second preceding year of target implementation, similar to Section 5.3.
- 5.5 IT projects shall undergo the Medium-Term Information and Communications Technology Harmonization Initiative (MITHI) appraisal process.
- 5.6 For projects proposed to be implemented through Public-Private Partnership (PPP) which shall require subsidies and/or amortization payments and/or other strategic support from NG, the amount and timing of the subsidy and/or amortization payment shall be accordingly indicated.

6.0 SPECIFIC GUIDELINES¹

- 6.1. NEDA shall issue a notice for updating and/or submission of list of programs/projects both Tier 1 (ongoing) and Tier 2 (new and expanded) together with the template for the TRIP every 15th of July.
- 6.2. Agencies shall submit to NEDA their respective Three-Year Rolling Infrastructure Programs by 15th of September. These submissions shall be reviewed and incorporated by NEDA, in consultation with respective agencies, into a consolidated Three-Year Rolling Infrastructure Program which shall be presented to the INFRACOM every 4th week of October for its confirmation/approval.
- 6.3. For Tier 1 spending proposals
 - 6.3.1. Agencies shall be guided by DBM issuances on the management of the FEs for infrastructure-related PAPs and on the procedures, information and documentation requirements.
- 6.4. For Tier 2 spending proposals
 - 6.4.1. Only programs/projects that are consistent with Section 7.0 of these Guidelines shall be prioritized and be given appropriate funding according

¹ Process flow and timelines attached as Annex B.

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to the stage of project development. On the other hand, agency proposals that are not aligned with the PDP priorities and agency's organizational outcomes/output targets shall be disapproved or discarded to give way to other priority infrastructure PAPs that require additional funding support.

6.4.2. Agencies shall indicate preparatory activities (Section 4.3) which would require budgetary support. To cite, for projects costing PhP1 billion and above targeted for implementation in 2019, agencies shall include the projects' *FIS* development in its TRIP for FY2016 or earlier in order to be ready for the ICC appraisal process by 2017.²

6.4.3. Any new or expanded program/project submitted for budget allocation in the TRIP shall cite, among others, the problem/issue being addressed, the objective, strategy and expected outcome/s of the project, the resulting increase in operational efficiency with the adoption of technology improvements, the risk mitigation strategy; and M&E plan. These are specified in BP Form 206; and

6.4.4. Funding for the new expenditure proposals shall be subject to the available fiscal space and priority sectoral spending to be determined by the DBCC.

6.5. For ICT-pertinent items under the MITRI

6.5.1. Inclusion in the budget shall be determined by the DBM based on MITRI recommendations after a review of agency proposals and Information Systems Strategic Plans (ISSPs). Subsequently, the MITRI Secretariat shall submit a listing of such approved items to NEDA.

6.5.2. Where applicable, PAPs requiring NEDA-ICC approval shall secure the same after the agency ISSPs has been endorsed by MITRI.

7.0 PRIORITIZATION AND BUDGET PROGRAMMING The prioritization framework serves as general basis or guidelines for agencies in establishing their own internal prioritization frameworks that shall be used in determining the agency's list of proposed priority new infrastructure PAPs for inclusion in the TRIP.

7.1 Contribution to identified gaps to achieve development targets - considers the program's/project's contribution in addressing the identified development gaps as well as adherence to the national objectives (i.e., in the PDP);

7.2 Programmatic Approach - ensures that utilization of the investment gap shall be anchored on a programmatic approach and considers complementation of proposed infrastructure programs/projects, either by a sectoral or spatial/geographical approach, with the other productive sectors of the economy [e.g., agriculture & fisheries (A&F), tourism and micro- and small scale industries, among others]. In relation thereto, the priority infrastructure PAPs submitted for

² For projects targeted for implementation in 2017 or 2018, preparatory activities including *FIS* development shall be undertaken in 2015 and 2016, respectively.

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funding shall be consistent with relevant programs/projects/roadmaps/master plans;


- 7.3 Spatial/Geographical Context – ensures that there is equitable access to basic infrastructure services and considers the urgency to expand economic opportunities to the marginalized sectors deemed as having the highest poverty incidences among the basic sectors in the Philippines³ (e.g., fishermen and farmers) by promoting viable economic growth and development in priority areas identified as emerging growth corridors/centers outside of Metro Manila; and
- 7.4 Priority Areas for Increased Spending – provides a premium for PAPs aimed at providing/improving basic infrastructure facilities/services; building climate resiliency among vulnerable communities (e.g., flood management and solid waste management, among others); improving connectivity and destination infrastructure; institutional/governance improvements (e.g., construction of administrative buildings, training/research and development [R&D] centers); and other areas which may be identified under the annual Budget Priorities Framework.

8.0 AMENDMENT AND ADDENDA

NEDA and DBM may amend this Circular as may be necessary. NEDA may formulate supplemental guidelines in the form of addenda or annexes for the review process as stipulated in 6.2 hereof without need of amending this Circular.

9.0 EFFECTIVITY

This Joint Circular shall be effective immediately in line with the Issuance of Budget Call by the DBM starting the 2017 Budget.


FLORENCIO B. ABAD
Secretary of
Budget and Management


ARSENIO M. BALISACAN
Secretary of
Socioeconomic Planning

³ Based on the poverty statistics of the Philippine Statistics Authority (PSA)

Annex A - Additional List of Infrastructure Outlays

- 1.0 In line with the preparation of the new expenditure proposals for budgeting, please be guided by the additional types of infrastructure programs/projects that shall be considered as Infrastructure Outlays.
 - 1.1 Transport Infrastructure
 - 1.1.1 Signage and markings, electrical systems (street lighting and traffic lights), edge treatments (curbs, sidewalks, landscaping), and maintenance depots and rest areas;
 - 1.1.2 Mass transit system including bus transportation;
 - 1.1.3 Lighthouses;
 - 1.1.4 Aircrafts including navigational systems;
 - 1.1.5 Bicycle paths and pedestrian walkways, including pedestrian bridges, pedestrian underpasses and other specialized structure for cyclists and pedestrians; and
 - 1.1.6 Ferries and watercrafts
 - 1.2 Water Management
 - 1.2.1 Coastal management including structure such as seawalls, breakwaters, floodgates, as well as the use of soft engineering techniques such as protection of mangrove forest and coastal wetlands and other related facilities
 - 1.3 Information and Communications Technology
 - 1.3.1 Internet including the internet backbone, core routers and server farms, local internet providers as well as the protocols and other basic software required for the system to function and other related IT equipment
 - 1.4 Solid Waste Management
 - 1.4.1 Garbage and recyclables collection major equipment/facilities;
 - 1.4.2 Solid waste incinerators and plasma gasification facilities;
 - 1.4.3 Materials recovery facilities; and
 - 1.4.4 Hazardous waste disposal facilities.
 - 1.5 Earth Monitoring and Measurement Networks
 - 1.5.1 Meteorological monitoring networks;
 - 1.5.2 Tidal/Storm surge monitoring networks;
 - 1.5.3 Seismometer networks;
 - 1.5.4 Earth observation satellites; and
 - 1.5.5 Global Positioning System.

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- 1.6 Agriculture
 - 1.6.1 Agricultural infrastructure, including specialized food and livestock transportation and storage facilities, agricultural warehouses, logistics and value chain support; and
 - 1.6.2 IT and civil works of price support system, experimental farms and agriculture research centers, testing facilities and schools, IT and civil works of licensing and quota management system.
- 1.7 Natural Resources
 - 1.7.1 Forestry and fisheries infrastructure, including IT and civil works of enforcement system against poaching, forest wardens and fire fighting and reforestation activities, and other related facilities.
- 1.8 Defense Infrastructure
 - 1.8.1 Emergency services, such as police, fire protection and ambulance, including specialized vehicles, buildings, communications and dispatching systems; and
 - 1.8.2 Military infrastructure⁴, including military bases, arms depots, training facilities, command centers, communication facilities, major transport vehicles like trucks, aircraft and ships.
- 2.0 The following shall also be classified under Infrastructure Outlays:
 - 2.1 Subsidy for GOCCs, which are in the nature of infrastructure;
 - 2.2 Development Fund or the twenty percent (20%) from the Internal Revenue Allotment (IRA); and
 - 2.3 Special Shares of LGUs, which are in the nature of infrastructure.

⁴ In the case of confidential military infrastructure, the project title and lumped project costs shall be provided to the NEDA Secretariat.

ANNEX B*Policy Guidelines and Procedures for the
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A	Issuance of Notice/ Call for Submission of inputs to TRIP Responsible Agency: NEDA	15th of July
B	Deadline of Submission of TRIP inputs Responsible Agency: All concerned agencies	15th of September
C	Review/processing and incorporation of the submitted programs/projects into a consolidated TRIP Responsible Agency: NEDA (in close coordination w/ agencies)	September-October
D	Presentation of TRIP to INFRACOM for approval/confirmation Responsible Agency: NEDA	4th week of October
E	Submission of Approved TRIP to DBM Responsible Agency: NEDA	Upon approval/confirmation of TRIP by INFRACOM
F	Determination of Programmed Spending Levels and Hard Budget Ceilings of Agencies Responsible Agency: DBM/DBCC	Based on budget schedule to be issued by DBM annually
G	Development of the National Expenditure Program (NEP) Responsible Agency: DBM (in consultation with all agencies)	Based on budget schedule to be issued by DBM annually