

**NEDA BOARD RESOLUTION
No. 1 (s. 2022)**

**Prioritizing the use of limited government
resources towards economic recovery**

WHEREAS, the COVID-19 pandemic has changed the Philippines' economic landscape and significantly reduced the national government's fiscal space;

WHEREAS, the COVID-19 pandemic has rapidly brought the government's debt and fiscal deficit to recent highs, with the national government's debt stock increasing from 39.6 percent of gross domestic product (GDP) in 2019 to 60.5 percent as of end-2021, and the fiscal deficit increasing from 3.4 percent of GDP in 2019 to 8.2 percent in 2021;¹

WHEREAS, there are further pressures on the national government's fiscal resources due to the Supreme Court ruling that expands the local government units' (LGU) National Tax Allotment, which increased from 3.23 percent of GDP to 4.45 percent in 2022,² thereby necessitating closer coordination and synergy between national government agencies (NGA) and LGUs in sharing project financing and implementation responsibility;

WHEREAS, the State recognizes the crucial role of public investment in infrastructure and human capital (education and health) to recover from the impact of the COVID-19 pandemic and accelerate good job creation and economic growth;

WHEREAS, in the next 10 to 40 years, NEDA projects a PHP 41.4 trillion total cost to the present and future society due to foregone consumption, and reduced physical and human capital investment and returns in 2020 alone. This massive loss is due to stringent quarantine measures and the resulting reduction of productivity from the closure of face-to-face schooling, sicknesses, premature deaths, among others;



¹ Based on Development Budget Coordination Committee (DBCC) estimates as of 14 December 2021.

² Based on Local Budget Memorandum (LBM) No. 82 dated 14 June 2021 and DBCC estimates as of 14 December 2021.

WHEREAS, the economic and social scarring brought about by the pandemic necessitates the government to prioritize projects and programs that i) generate the most meaningful jobs, ii) are geared towards human capital development in education and health, and iii) promote the development of smart infrastructure aligned with the government's approved plans;

WHEREAS, Section 5 of Executive Order (EO) 230, s. 1987, states that the NEDA Board shall be responsible for formulating social and economic policies based on perceived local needs and priorities to be carried out within the framework of national strategies;

WHEREAS, Section 5(e) of EO 230, s. 1987, states that the major socioeconomic policies, plans, programs, and projects of different government agencies must be properly coordinated with the NEDA Board at both the national and regional levels prior to their adoption, in order to ensure their consistency with established national priorities and coordination with other policies, plans, programs, and projects of the government;

WHEREAS, Section 6(b)(i) of EO 230, s. 1987, created the NEDA Board - Investment Coordination Committee (ICC) to evaluate the fiscal, monetary, and balance of payments implications of major national projects and recommend to the President the timetable of the implementation of these projects on a regular basis;

WHEREAS, Section 6(d)(ii) of EO 230, s. 1987, created the NEDA Board Committee on Infrastructure (INFRACOM) to coordinate the activities of agencies concerned with infrastructure development and recommend government policies regarding infrastructure development consistent with the country's development objectives and priorities;

WHEREAS, NEDA, as the Secretariat of the NEDA Board and its sub-committees, receives many project and program proposals using various financing and implementation mechanisms (*i.e.*, locally-funded, official development assistance, government-to-government agreement, public-private partnerships, and joint ventures) for review, endorsement, and/or approval. In 2020 and 2021, NEDA received at least 192 proposals worth PHP 2.4 trillion from various implementing agencies, some of which are not aligned with approved government plans;



WHEREAS, the pursuit of projects and programs should always take into account the development priorities of the country and the government's limited fiscal resources;

NOW, THEREFORE, BE IT RESOLVED, that the Board approves and adopts the following:

Section 1. Prioritization rules in the approval or endorsement of public investment projects and programs.

- a. NEDA shall prioritize the review, endorsement, and approval of well-prepared (*i.e.*, complete submissions and fully compliant with existing rules and regulations) project or program proposals that meet the following criteria:
 - i. Generate a high number of meaningful jobs; or
 - ii. Contribute towards human capital development in education and health; or
 - iii. Contribute to infrastructure development in both growth areas and in lagging regions; the proposed project should be a priority project in the government's approved master plans or national/regional investment plans.
- b. The National Government shall not endorse, approve, or fund projects or programs that are the main responsibility of the LGUs as mandated by Republic Act 7160 or the Local Government Code of 1991. The national government, which will assume more strategic and steering functions, shall set the national policy, development strategy, and service delivery standards, and assist the LGUs in developing their capabilities in the delivery of said basic services and critical facilities.
- c. All other projects not satisfying any of the above conditions are deprioritized and will only be evaluated upon submission of a strong justification and endorsement from the chair of the respective cabinet cluster.
- d. Implementing agencies shall coordinate closely with other concerned agencies and LGUs to prevent duplication or conflict in their proposed projects to optimize the use of scarce government resources.



Section 2. Coverage. This resolution is being issued to guide all NGAs, departments, government-owned or -controlled corporations, attached agencies, and other instrumentalities in the submission of all public investment projects or programs to NEDA for endorsement, review, processing, approval, and other similar processes.

Section 3. Implementing guidelines. NEDA shall formulate the implementing guidelines for the operationalization of the prioritization framework for public investment projects and programs within 30 days from the effectivity of this Resolution.

Section 4. Separability clause. Any portion or provisions of this Resolution that may be declared unconstitutional or invalid shall not have the effect of nullifying other portions or provisions hereof as such remaining portions or provisions can still subsist and be given effect in their entirety.

Section 5. Repealing clause. All orders, memoranda, circulars, and other issuances or parts thereof, which are inconsistent with this Resolution, are hereby repealed or modified accordingly.

Section 6. Effectivity. This resolution shall take effect immediately after its publication in the Official Gazette.

APPROVED.

2 March 2022. Pasig City, Philippines.

Certified correct:


KARL KENDRICK T. CHUA
Socioeconomic Planning Secretary
and Vice-Chair, NEDA Board

