

Introduction

INTRODUCTION

Anchored on the theme “Agenda for Prosperity: Nurturing Future-Ready Generations to Achieve the Full Potential of the Nation”, the proposed FY 2026 National Expenditure Program (NEP) is focused on ensuring that the impact of economic transformation of the nation is truly felt by all Filipinos, including and especially the next generations.

With the fiscal consolidation strategy of the government to reduce the deficit and in view of the limited fiscal space, the proposed FY 2026 budget was carefully evaluated using the following criteria:

Alignment with the Philippine Development Plan (PDP) 2023-2028;

Shovel-Readiness with completed feasibility studies, procurement plans, and other requirements to ensure timely implementation;

Absorptive Capacity to ensure that agencies can fully utilize their funds;

Fiscal Space to ensure fiscal sustainability; and

Prioritization of government programs that deliver the highest value and impact.

We also included a new general provision in the FY 2026 NEP, pertaining to the implementation of sustainable practices in government operations to ensure that our resources are utilized to meet both present and future public needs.

It remains in line with the Philippine Development Plan 2023-2028, focused on three foundational pillars:

Pillar 1 - Develop and Protect the Capabilities of Individuals and Families

The FY 2026 National Budget will continue to prioritize education, healthcare, and social protection, this time with a greater focus on ensuring that the learning gap is addressed and that food security is achieved.

Pillar 2 - Transform Production Sectors to Generate More Quality Jobs and Competitive Products

The industry, services, and agriculture sectors will be modernized and revitalized to boost employment and make our industries more competitive and productive.

Pillar 3 - Create an Enabling Environment Encompassing Institutions, Physical and Natural Environment

Infrastructure remains a top priority, with physical connectivity at the top of the agenda, to reach even the farthest regions and ensure both inclusivity and sustainability. There will also be a strong focus on improving bureaucratic efficiency and ensuring good governance, as a means to fulfilling our Agenda for Prosperity.

Overview of the FY 2026 Expenditure Program

The proposed Total Expenditure Program (TEP) for FY 2026 is set at Php 6,793.16 billion, representing an increase of Php 466.84 billion or 7.38 percent compared to the FY 2025 program of Php 6,326.32 billion. This level of expenditure corresponds to 22 percent of the Gross Domestic Product (GDP), maintaining the government's commitment to responsible fiscal management while significantly expanding investments in human capital development, infrastructure, digital transformation, and bureaucratic efficiency.

The TEP is classified according to two (2) appropriation sources, which include programmed New General Appropriations amounting to Php 4,402.81 billion and programmed Automatic Appropriations totaling Php 2,390.35 billion, representing 64.81 percent and 35.19 percent of the TEP, respectively.

Table I. Summary of Total Expenditure Program (TEP), By Appropriation Source, FY 2025-2026

PARTICULARS	LEVELS (In Billion Php)		INCREASE/(DECREASE) 2025-2026		SHARE (%) TO TEP		SHARE (%) TO THE PROGRAMMED NEW GENERAL APPROPRIATIONS	
	2025*	2026	Amount (In Billion Php)	%	2025	2026	2025	2026
Programmed New General Appropriations	4,221.16	4,402.81	181.64	4.30	66.72	64.81	100.00	100.00
Departments and Agencies	3,694.23	3,793.92	99.69	2.70	58.39	55.85	87.52	86.17
Special Purpose Funds (SPFs)	526.94	608.89	81.95	15.55	8.33	8.96	12.48	13.83
Automatic Appropriations	2,105.16	2,390.35	285.19	13.55	33.28	35.19		
TEP	6,326.32	6,793.16	466.84	7.38	100.00	100.00		

*Net of the vetoed items

New General Appropriations

The total proposed level for New General Appropriations, which requires legislative authorization, comprised of programmed and unprogrammed appropriations, amounts to Php 4,652.80 billion. This is higher by 1.49 percent or Php 68.21 billion compared with the FY 2025 General Appropriations Act (GAA) level of Php 4,584.59 billion.

Table II. Summary of New General Appropriations, FY 2025-2026

PARTICULARS	LEVELS (In Billion Php)			INCREASE/(DECREASE) 2025-2026**	
	2025 NEP	2025 GAA*	2026 NEP	Amount (In Billion Php)	%
New General Appropriations	4,405.90	4,584.59	4,652.80	68.21	1.49
Programmed Appropriations	4,247.23	4,221.16	4,402.81	181.64	4.30
Departments and Agencies	3,525.89	3,694.23	3,793.92	99.69	2.70
Special Purpose Funds (SPFs)	721.34	526.94	608.89	81.95	15.55
Unprogrammed Appropriations	158.67	363.42	249.99	(113.44)	(31.21)

*GAA level is net of the vetoed items

**Compared with FY 2025 GAA

Programmed new general appropriations, amounting to Php 4,402.81 billion, reflect an increase of Php 181.64 billion or 4.30 percent from the FY 2025 GAA level. This will cover the regular budgets of the departments and agencies amounting to Php 3,793.92 billion, which rose slightly by Php 99.69 billion or 2.70 percent. The remaining Php 608.89 billion accounts for Special Purpose Funds (SPFs), which constitute allocations for retirement and separation benefits, personnel-related requirements, calamity response, and budgetary support to Government-Owned or -Controlled Corporations (GOCCs) and Local Government Units (LGUs), among others. The corresponding increase of Php 81.95 billion or 15.55 percent from the Php 526.94 billion allocation in the FY 2025 GAA is primarily attributed to the downward adjustments made in the proposed level of SPFs under the FY 2025 NEP.

Meanwhile, the proposed level for Unprogrammed Appropriations stands at Php 249.99 billion, significantly lower by Php 113.44 billion or 31.21 percent compared to the Php 363.42 billion level in FY 2025 GAA. These appropriations may only be released under specific conditions: when there are new revenue collections certified by the Bureau of the Treasury (BTr); when revenue collections from any one of the identified sources exceed their respective targets as stated in the Budget of Expenditures and Sources of Financing (BESF); and/or when proceeds from approved foreign loans are received. The FY 2026 level represents 3.68 percent of the TEP, which remains below the 4 to 5 percent threshold recommended by the multilateral organizations.

Automatic Appropriations

The proposed FY 2026 Automatic Appropriations amount to Php 2,390.35 billion, a 13.55 percent increase from FY 2025 GAA, and represent 35.19 percent of the TEP. These expenditures, which do not require annual legislative authorization, include legally mandated expenditures such as National Tax Allotment (NTA) to LGUs, retirement premiums, and interest payments on national debt.

Table III. Summary of Automatic Appropriations, FY 2025-2026

PARTICULARS	LEVELS (In Billion Php)		INCREASE/ (DECREASE) 2025-2026		SHARE (%) TO THE TOTAL AUTOMATIC APPROPRIATIONS	
	2025	2026	Amount (In Billion Php)	%	2025	2026
National Tax Allotment	1,034.61	1,190.51	155.90	15.07	49.15	49.80
BARMM Annual Block Grant	83.42	93.98	10.56	12.66	3.96	3.93
Debt Service-Interest Payments	848.03	950.00	101.97	12.02	40.28	39.74
Retirement and Life Insurance Premiums	68.55	82.19	13.64	19.90	3.26	3.44
Net Lending	28.70	28.70	0.00	0.00	1.36	1.20
Tax Expenditure Fund	14.50	14.50	0.00	0.00	0.69	0.61
Special Accounts in the General Fund	27.35	30.47	3.12	11.40	1.30	1.27
Pension of Ex-Presidents/Spouses (<P0.1B)	0.00	0.00	0.00	0.00	0.00	0.00
Total Automatic Appropriations	2,105.16	2,390.35	285.19	13.55	100.00	100.00

The FY 2026 NTA, amounting to Php 1,190.51 billion, reflects an increase of Php 155.90 billion or 15.07 percent compared to the Php 1,034.61 billion level in FY 2025. This increase is attributed to higher national revenue collections in FY 2023, which serves as the base year for the FY 2026 computation. This additional allocation not only fulfills constitutional mandates but empowers local governments to localize development priorities and expand public service delivery.

The Annual Block Grant for the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) is set at Php 93.98 billion, higher by 12.66 percent or Php 10.56 billion, compared to its allocation in the FY 2025 GAA.

Interest payments on public debt are projected to reach Php 950.00 billion in FY 2026, up by Php 101.97 billion or 12.02 percent from the Php 848.03 billion allocated in the FY 2025 GAA, due to borrowing requirements and fluctuating global interest rates. Nonetheless, the government remains committed to prudent debt management and fiscal stability, both essential foundations for long-term national prosperity.

Moreover, Retirement and Life Insurance Premiums are higher by Php 13.64 billion or 19.90 percent primarily due to the implementation of the updated salary schedule for government personnel pursuant to Executive Order No. 64, s. 2024. Meanwhile, Special Accounts in the General Fund (SAGFs) are higher by Php 3.12 billion or 11.40 percent than their FY 2025 GAA levels.

Net Lending and Tax Expenditure Fund are maintained at their FY 2025 GAA levels.

Dimensions of the FY 2026 Budget

By Expense Class

Table IV. Summary of TEP, By Expense Class, FY 2025-2026

PARTICULARS	LEVELS (In Billion Php)		INCREASE/ (DECREASE)		SHARE (%) TO TEP	
	2025	2026	Amount (In Billion Php)	%	2025	2026
Personnel Services	1,632.86	1,879.33	246.47	15.09	25.81	27.67
Maintenance and Other Operating Expenses	2,384.14	2,640.23	256.09	10.74	37.69	38.87
Financial Expenses	848.07	950.03	101.97	12.02	13.41	13.99
Capital Outlays and Net Lending	1,461.25	1,323.56	(137.69)	(9.42)	23.10	19.48
TEP	6,326.32	6,793.16	466.84	7.38	100.00	100.00

Total expenditures are categorized into four expense classes: Personnel Services (PS), Maintenance and Other Operating Expenses (MOOE), Financial Expenses (FinEx), and Capital Outlays (CO), to reflect the nature of expenditures.

The proposed budget for PS in FY 2026 amounts to Php 1,879.33 billion, equivalent to 27.67 percent of the TEP. This corresponds to an increase of Php 246.47 billion or 15.09 percent compared to the Php 1,632.86 billion level in the FY 2025 GAA. This will fund the compensation and benefits of government workers as provided under Executive Order No. 64, s. 2024.

The Department of Education (DepEd) will receive the biggest allocation for PS in support of salary adjustment and creation of teaching and non-teaching positions, among others. In addition, a significant portion of the PS allocation is devoted to departments with Military and Uniformed Personnel (MUPs), particularly for their subsistence allowance, reflecting the government’s continuing support to frontline security and emergency response services.

The largest share of the TEP goes to MOOE, amounting to Php 2,640.23 billion or 38.87 percent of the TEP. This corresponds to an increase of Php 256.09 billion or 10.74 percent from the Php 2,384.14 billion level in the FY 2025 GAA. This will fund the day-to-day operations of government agencies and the implementation of programs and projects that directly benefit citizens. Further, a substantial portion, comprising nearly half of the MOOE, is allocated to the NTA and Annual Block Grant for BARMM. These provide fiscal support to

LGUs, enabling them to carry out devolved functions and region-specific development priorities in line with the Mandanas-Garcia Supreme Court ruling and the Bangsamoro Organic Law.

The proposed budget for CO is programmed at Php 1,323.56 billion or 19.48 percent of the TEP, which is Php 137.69 billion or 9.42 percent lower than the Php 1,461.25 billion level in the FY 2025 GAA. These funds are invested in infrastructure and other capital projects which include: road construction, flood management, and bridge programs under the Build Better More agenda of the Department of Public Works and Highways (DPWH); major railway, port, and airport modernization efforts of the Department of Transportation (DOTr); construction of new schools for DepEd; upgrading of hospitals and health centers for the Department of Health (DOH); and capital investments in irrigation and post-harvest facilities for the Department of Agriculture (DA).

FinEx totals Php 950.03 billion or 13.99 percent of the TEP, showing an increase of Php 101.97 billion or 12.02 percent from the Php 848.07 billion allotted in the FY 2025 GAA. This primarily funds interest payments on domestic and foreign debt. Managed by the Department of Finance (DOF) through the BTr, these payments demonstrate the government's commitment to fiscal prudence and maintaining macroeconomic stability.

By Sector

Table V. Summary of TEP, By Sector, FY 2025-2026

SECTORS	LEVELS (In Billion Php)		INCREASE/ (DECREASE)		SHARE (%) TO TEP	
	2025	2026	Amount (In Billion Php)	%	2025	2026
Economic Services	1,968.26	1,867.86	(100.40)	(5.10)	31.11	27.50
Social Services	2,029.70	2,314.17	284.47	14.02	32.08	34.07
Defense	378.89	430.87	51.98	13.72	5.99	6.34
General Public Services	1,072.74	1,201.56	128.82	12.01	16.96	17.69
Debt Burden	876.73	978.70	101.97	11.63	13.86	14.41
TEP	6,326.32	6,793.16	466.84	7.38	100.00	100.00

Economic Services Sector. The Economic Services sector, with a proposed allocation of Php 1,867.86 billion, accounts for the second largest budget share. This corresponds to 27.50 percent of the total FY 2026 proposed budget, decreasing by 5.10 percent over the FY 2025 budget level. This sector aims to cultivate productive industries and improve national competitiveness through agriculture, trade, energy, and infrastructure investments, among other economic services.

Table V-A. Summary of Economic Services Sector, FY 2025-2026

SUB-SECTORS	LEVELS (In Billion Php)		INCREASE/ (DECREASE)		SHARE (%) TO TEP	
	2025	2026	Amount (In Billion Php)	%	2025	2026
Agriculture and Agrarian Reform	247.79	256.47	8.68	3.50	3.92	3.78
Natural Resources and Environment	29.05	31.29	2.24	7.69	0.46	0.46
Trade and Industry	13.81	15.98	2.17	15.74	0.22	0.24
Tourism	8.91	6.51	(2.41)	(26.99)	0.14	0.10
Power and Energy	20.23	22.26	2.03	10.02	0.32	0.33
Water Resources Development and Flood Control	308.32	259.26	(49.06)	(15.91)	4.87	3.82
Communications, Roads and Other Transport	899.00	777.16	(121.84)	(13.55)	14.21	11.44
Other Economic Services	47.74	47.40	(0.34)	(0.72)	0.75	0.70
Subsidy to Local Government Units	393.41	451.53	58.12	14.77	6.22	6.65
TOTAL ECONOMIC SERVICES SECTOR	1,968.26	1,867.86	(100.40)	(5.10)	31.11	27.50

- The Agriculture and Agrarian Reform sub-sector will be allocated Php 256.47 billion to ensure food security and uplift rural livelihoods, and to build a modern, resilient, and inclusive agri-food system. At the center of this budget is the DA, which leads flagship programs to support production and rural enterprise development, such as the National Rice Program (Php 29.92 billion), Rice Competitiveness Enhancement Program (Php 30.00 billion), and the Rice for All Program (Php 10.00 billion) to provide low-cost rice to poor and vulnerable households while supporting local producers. Other major programs include the Farm-to-Market Road Program (Php 25.98 billion), National Corn Program (Php 6.71 billion), National Fisheries Program (Php 9.33 billion), and the Buffer Stocking Program (Php 11.18 billion).

The National Irrigation Administration (NIA) will be provided funds to expand and rehabilitate irrigation systems in key production areas through its Irrigation Services (Php 31.99 billion). Further, the Department of Agrarian Reform (DAR) will advance land tenure security and agrarian productivity through the Support to Parcelization of Lands for Individual Titling (SPLIT) Project (Php 5.09 billion).

- The Natural Resources and Environment sub-sector will receive Php 31.29 billion to reinforce climate resilience and biodiversity protection through the National Greening Program (Php 1.66 billion) and the Protected Areas Development and Management Program (Php 1.29 billion), among others.
- To promote entrepreneurship and innovation, the Trade and Industry sub-sector will receive Php 15.98 billion allocation, to support Micro, Small, and Medium Enterprises (MSMEs) through the MSME Development Program (Php 0.97 billion), Export and Investment Promotion (Php 0.96 billion), Shared Service Facilities Project (P0.52 billion), the establishment of Negosyo Centers (Php 0.45 billion), and *Pondo sa Pagbabago at Pag-Asenso* or P3 Program (Php 1.50 billion).
- The Tourism sub-sector will receive Php 6.51 billion to sustain recovery and promote the Philippines as a premier travel destination through branding and product development. This covers the increased funding for the Market and Product Development Program (Php 1.03 billion), which includes the Branding Campaign Program (Php 0.50 billion).
- The Power and Energy sub-sector will receive Php 22.26 billion for flagship programs which include National Rural Electrification Program (Php 6.44 billion) and Php 8.00 billion for proceeds from the exploration, development and exploitation of energy resources.
- The Water Resources Development and Flood Control sub-sector will receive Php 259.26 billion, mostly for the DPWH's Flood Management Program (Php 250.83 billion) that will construct and maintain flood mitigation structures and drainage systems.
- Infrastructure development remains central to economic transformation, with Php 777.16 billion allocated to Communications, Roads, and Transport sub-sector. The major programs include the DPWH's Network Development Program (Php 182.54 billion), Asset Preservation Program (Php 108.28 billion), Bridge Program (Php 52.27 billion), and Convergence and Special Support Program (Php 167.79 billion), as well as DOTR's major initiatives, such as the Rail Transport Program (Php 124.12 billion), Land Public Transportation Program (Php 5.70 billion), Maritime Infrastructure Program (Php 8.51 billion), and Aviation Infrastructure Program (Php 6.17 billion), among others. These infrastructure investments are instrumental in expanding access to economic opportunities and reducing regional disparities.

- Other Economic Services sub-sector accounts for Php 47.40 billion, largely consisting of special shares of LGUs from the proceeds of national taxes and fire code fees amounting to Php 33.13 billion. In addition, subsidies to LGUs total Php 451.53 billion, which includes allocations under BARMM and a portion of NTA.

Social Services Sector. The Social Services sector will receive the highest allocation at Php 2,314.17 billion or 34.07 percent of the FY 2026 proposed budget, representing Php 284.47 billion increase equivalent to 14.02 percent year-on-year growth. This reflects the government’s resolve to invest in human capital development by funding programs that nurture the full potential of Filipinos through education, health, social protection, and employment.

Table V-B. Summary of Social Services Sector, FY 2025-2026

SUB-SECTORS	LEVELS (In Billion Php)		INCREASE/ (DECREASE)		SHARE (%) TO TEP	
	2025	2026	Amount (In Billion Php)	%	2025	2026
Education, Culture and Manpower Development	1,040.91	1,193.56	152.65	14.66	16.45	17.57
Health	274.37	331.38	57.01	20.78	4.34	4.88
Social Security, Welfare and Employment	283.73	295.76	12.03	4.24	4.48	4.35
Housing and Community Development	9.36	9.61	0.24	2.61	0.15	0.14
Other Social Services	5.44	6.54	1.10	20.13	0.09	0.10
Subsidy to Local Government Units	415.89	477.33	61.44	14.77	6.57	7.03
TOTAL SOCIAL SERVICES SECTOR	2,029.70	2,314.17	284.47	14.02	32.08	34.07

- The Education, Culture and Manpower Development sub-sector leads with Php 1,193.56 billion allocation, reaffirming the government’s commitment to nurturing future-ready generations through inclusive and accessible education, skills development, and cultural preservation. The DepEd receives the largest share to support the continued implementation of its major programs, such as the Basic Education Facilities (Php 28.06 billion), DepEd Computerization Program (Php 16.45 billion), and School-Based Feeding Program (Php 11.78 billion), among others. Tuition subsidies and free education are sustained through the Universal Access to Quality Tertiary Education Program (Php 58.61 billion) and Education Assistance and Subsidies (Php 43.42 billion), which will launch the *Bagong Pilipinas* Merit Scholarship Program (BPMSP) in FY 2026. Further, the *Kabalikat sa Pagtuturo* Act will receive a budget of Php 10.27 billion, higher by Php 320.32 million or 3.2 percent compared to FY 2025 GAA, to uplift the welfare of teachers.

Workforce development is strengthened through the Technical Education and Skills Development Authority (TESDA) scholarship programs, such as the Training for Work Scholarship Program (Php 4.34 billion), Special Training for Employment Program (Php 1.62 billion), and *Tulong Trabaho* Scholarship Program (Php 1.65 billion), which equip learners with industry-relevant skills.

- The Php 331.38 billion budget for the Health sub-sector will provide for accessibility of quality healthcare services, with Php 127.22 billion for DOH hospitals and public health facilities nationwide, including the National Health Insurance Program (Php 53.26 billion), National Health Workforce Support System (Php 23.36 billion), and the DOH’s Health Commodities Assistance Program (Php 23.04 billion), among others. This will also cover the upgrading, construction, and equipping of hospitals and rural health units under the Health Facilities Enhancement Program (Php 14.54 billion).

Additionally, to provide direct financial assistance to cover the hospitalization and medical expenses of indigent and financially incapacitated patients who cannot afford and access quality medical care services, the health budget includes allocation for Medical Assistance to Indigent and Financially-Incapacitated Patients (Php 24.24 billion).

- The Social Security, Welfare, and Employment sub-sector is provided Php 295.76 billion. This will cover requirements for the continued implementation of social protection and poverty-alleviation programs, such as the *Pantawid Pamilyang Pilipino* Program (Php 113.00 billion), Protective Services for Individuals and Families in Difficult Circumstances (Php 27.03 billion), as well as continued support for elderly Filipinos through Social Pension for Indigent Senior Citizens (Php 49.81 billion).

To address involuntary hunger and malnutrition among Filipino children and families, the Supplementary Feeding Program implemented by the Department of Social Welfare and Development (DSWD) will receive an increased budget of Php 6.11 billion, as well as the *Walang Gutom* Program 2027: Food Strategic Transfer and Alternative Measures Program (STAMP) with Php 1.89 billion.

Finally, to empower vulnerable sectors and develop a future-ready workforce, allocations are provided for the Sustainable Livelihood Program (Php 4.50 billion), *Tulong Panghanapbuhay sa Ating Disadvantaged* (TUPAD) Workers Program (Php 11.03 billion), and for the DOLE Integrated Livelihood Program (Php 2.23 billion).

- Other various services will receive Php 16.15 billion, which include funding for housing and community development (Php 9.61 billion) and other related services (Php 6.54 billion). In addition, Php 477.33 billion is earmarked for subsidies to LGUs to support devolved functions and local development initiatives.

Defense Sector. The Defense sector will receive Php 430.87 billion, reflecting a Php 51.98 billion or 13.72 percent increase from the FY 2025 GAA level to strengthen our defense capabilities, mostly for the Land (Php 116.31 billion), Air (Php 54.10 billion), and Naval (Php 53.73 billion) Forces Defense Programs of the Armed Forces of the Philippines (AFP), including provision for the Revised AFP Modernization Program (Php 40.00 billion).

General Public Services Sector. The General Public Services sector will be allocated Php 1,201.56 billion, representing 17.69 percent of the total budget and an increase of Php 128.82 billion or 12.01 percent compared to the FY 2025 GAA level of Php 1,072.74 billion. This increase underscores the national government's continued pursuit of efficient, transparent, and accountable governance, focused on strengthening institutions, ensuring public order and safety, enhancing fiscal sustainability, and supporting local development.

Table V-C. Summary of General Public Services Sector, FY 2025-2026

SUB-SECTORS	LEVELS (In Billion Php)		INCREASE/ (DECREASE)		SHARE (%) TO TEP	
	2025	2026	Amount (In Billion Php)	%	2025	2026
General Administration	255.64	309.38	53.74	21.02	4.04	4.55
Public Order and Safety	455.77	494.21	38.44	8.43	7.20	7.28
Other General Public Services	46.60	36.75	(9.85)	(21.14)	0.74	0.54
Subsidy to Local Government Units	314.73	361.22	46.49	14.77	4.97	5.32
TOTAL GENERAL PUBLIC SERVICES SECTOR	1,072.74	1,201.56	128.82	12.01	16.96	17.69

- The General Administration sub-sector will receive a Php 309.38 billion budget. A key item under this sub-sector is for the Philippines' hosting of the 2026 Association of Southeast Asian Nations (ASEAN) Summit and related meetings, which will be provided funding in the amount of Php 17.50 billion for the corresponding implementing agencies, to be led by the Office of the President.
- The Public Order and Safety sub-sector will receive the largest portion, with Php 494.21 billion. The bulk of this includes the PNP's Crime Prevention and Suppression Program (Php 194.91 billion), BFP's Fire and Emergency Management Program (Php 27.89 billion), BJMP's Inmates' Safekeeping and Development Program (Php 24.73 billion), and BuCor's Prisoners' Custody and Safekeeping Program (Php 7.68 billion).

To uphold the rule of law and promote fair and accessible justice, the Supreme Court of the Philippines and the rest of the Judiciary will receive Php 35.12 billion for the implementation of Adjudication Programs, while an amount of Php 8.36 billion will be allocated to the DOJ's Law Enforcement Program.

- Other General Public Services and Subsidies to LGUs will be provided a total of Php 397.97 billion. This includes allocations for the Normalization Program in the Bangsamoro and the *Payapa at Masaganang Pamayanan* (PAMANA) program under the Office of the Presidential Adviser on Peace, Reconciliation and Unity (OPAPRU), as well as other programs to be implemented by LGUs.

Debt Burden Sector. Debt burden or payments to creditors will be allocated Php 978.70 billion or 14.41 percent of the FY 2026 proposed program, composed of interest payments amounting to Php 950.00 billion and net lending amounting to Php 28.70 billion. This demonstrates the government's commitment to debt servicing and sound fiscal stewardship, which are essential for maintaining financial stability and investor confidence.

Table V-D. Summary of Debt Burden Sector, FY 2025-2026

SECTORS	LEVELS (In Billion Php)		INCREASE/ (DECREASE)		SHARE (%) TO TEP	
	2025	2026	Amount (In Billion Php)	%	2025	2026
Interest Payments	848.03	950.00	101.97	12.02	13.40	13.98
Net Lending	28.70	28.70	-	-	0.45	0.42
TOTAL DEBT BURDEN SECTOR	876.73	978.70	101.97	11.63	13.86	14.41

By Recipient Entity

The distribution of the FY 2026 budget by recipient entity illustrates a governance approach that balances central leadership with local empowerment.

Table VI. Summary of TEP, By Recipient Entity, FY 2025-2026

RECIPIENT ENTITY	LEVELS (In Billion Php)		INCREASE/(DECREASE)		SHARE (%) TO TEP	
	2025	2026	Amount (In Billion Php)	%	2025	2026
National Government Agencies	4,117.60	4,304.68	187.08	4.54	65.09	63.37
Local Government Units	1,194.69	1,350.23	155.54	13.02	18.88	19.88
Government-Owned or -Controlled Corporations and Net Lending	166.01	188.26	22.25	13.41	2.62	2.77
Creditors (Interest Payments)	848.03	950.00	101.97	12.02	13.40	13.98
TEP	6,326.32	6,793.16	466.84	7.38	100.00	100.00

National Government Agencies. NGAs will receive Php 4,304.68 billion or 63.37 percent of the TEP, representing an increase of Php 187.08 billion or 4.54 percent from the FY 2025 GAA level of Php 4,117.60 billion. These funds enable departments and agencies to deliver on their mandates and implement programs and projects that have broad societal impact, from education reform and healthcare modernization to infrastructure development and digital transformation.

Local Government Units. LGUs are allocated Php 1,350.23 billion, or 19.88 percent of the TEP, and represent Php 155.54 billion or 13.02 percent increase from the FY 2025 GAA level of P1,194.69 billion. This includes the expanded NTA and ongoing support to BARMM through its Annual Block Grant. These allocations are integral to implementing devolved programs in health, agriculture, infrastructure, and disaster resilience.

Government-Owned or-Controlled Corporations. GOCCs will receive Php 188.26 billion, constituting 2.77 percent of the TEP, and is higher by Php 22.25 billion or 13.41 percent compared to the FY 2025 GAA level of Php 166.01 billion, mainly for subsidies, equity and net lending.

Creditors. Finally, to address the country's outstanding financial obligations, Php 950.00 billion is earmarked for creditors to cover interest payments on borrowings from domestic and foreign sources, marking a Php 101.97 billion increase or 12.02 percent higher than the FY 2025 GAA level.

Now past our midterm, and following our success in accelerating growth to make the Philippines one of the fastest growing economies in the Asia-Pacific Region, we are strategically shifting to investing greatly not just in infrastructure but also in our biggest treasure: our people, especially the next generations. For it is only in this way that we will truly fulfill our dream of a ***Bagong Pilipinas***.