

2021

PEOPLE'S ENACTED BUDGET

Reset, Rebound, and Recover: Investing for Resiliency and Sustainability



Republic of the Philippines
DEPARTMENT OF BUDGET AND MANAGEMENT



About the Cover

The cover design highlights some of the Administration's priorities for 2021 – strengthening the health care system, ensuring food security, upgrading to a technology-enabled and responsive government, and expanding livelihood opportunities and social protection programs across all regions.

The 2021 National Budget is the government's heftiest stimulus package for economic recovery, providing financial support to help the country bounce back from the social and economic impacts of the COVID-19 pandemic. This year, the government continues to sustain and enhance the current efforts towards building a healthy and resilient Philippines to realize the people's aspirations for a strongly-rooted, comfortable, and secure life.

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Foreword

The enactment of the Fiscal Year (FY) 2021 General Appropriations Act (GAA) in the closing week of 2020 – a year that has already marked its place in the history of world health crises – has signified more than just the successful legislation of a financial program for the Philippine government.

By signing into law the PhP4.506 Trillion National Budget for 2021 on December 28, 2020, President Rodrigo Roa Duterte also inspired hope and optimism that despite the many trials of 2020, from the Taal volcano eruption to the emergence of the COVID-19 pandemic and to the series of powerful typhoons and torrential rains that hit several parts of the country, our people can still look forward to a robust spending program that aims to continuously support government programs and projects.

Unflinchingly, the Duterte Administration faced the reality that the COVID-19 pandemic, among others, has set the nation back on its journey to progress. This reality, together with the critical need to stimulate economic recovery, was the backdrop in crafting the Proposed 2021 National Budget submitted to the Congress on August 25, 2020. This also became the cornerstone for the intensive and lengthy deliberations led by members of the Congress, who aimed to ensure that all components of the proposed Budget will guide the country towards recovery.

For the record, this 2021 National Budget is the fourth to be fully crafted and implemented by the Administration, and marks the third year of a successful transition to the cash budgeting system. This financial program is a reflection of the collective will and effort of the government and people to begin the turnaround – to get back on the road to the comfortable, peaceful, and progressive life that we all deserve.

This Budget, equivalent to 22.5% of our Gross Domestic Product and 9.9% higher than last year's Budget, is our financial blueprint to reset, rebound, and recover from the ill effects wrought on the nation's health and economy. Among its most important provisions are a PhP72.5 billion fund for the country's vaccination program against COVID-19, a PhP1.074 trillion budget for the flagship *Build, Build, Build* Program to revive the economy, critical measures



to aid the economic and social sectors, and various allocations to strengthen investments for resiliency and sustainability.

As in all the previous spending programs judiciously prepared and faithfully implemented by this Administration, the 2021 GAA assures the citizenry that every centavo is spent prudently. But especially this year, it comes with the assurance from the President that “every centavo (will be)... spent to ensure our nation's recovery, resilience, and sustainability this coming year, (for) we intend to recover as one nation.”

To ensure that the 2021 GAA is faithful to the Constitution and consistent with the highest priorities of the government at this crucial point in our national history, President Duterte has vetoed a number of provisions in the enrolled bill submitted by the Senate and the House of Representatives. These, along with the highlights and salient features of the Enacted National Budget, are explained in this publication of the Department of Budget and Management.

The *2021 People's Enacted Budget* aims to present and explain the National Budget in a simple, concise, but comprehensive manner, for better understanding and appreciation of our people. And, ultimately, to encourage involvement and participation in our collective journey to healing, recovery, and resurgence that we may move forward and rise as one.



Wendel E. Avisado
Secretary

The 2021 Enacted National Budget

The National Budget is the government's financial plan for the fiscal year. To better understand and appreciate it, one should be aware of the principles and policies behind its preparation. This section introduces the 2021 budget theme, analyzes the budget dimensions, and highlights key differences between the proposed and enacted versions of the Budget.



Reset, Rebound, and Recover: Investing for Resiliency and Sustainability

Even as it squarely confronts the challenges of a global pandemic, the Duterte Administration has never lost sight of its ultimate goal of providing a bright and secure future for all Filipinos. Reflecting this commitment, the **PhP4.506 trillion** 2021 National Budget, as the Administration's financial blueprint for the year, continues to support the proactive response to the ongoing health crisis as it resumes the journey towards a more peaceful, progressive, and resilient Philippines.

Key Features of the 2021 National Budget



Supports a Strong Economic Rebound

The 2021 National Budget is the government's largest and most vital COVID-19 stimulus measure. It prioritizes programs, activities, and projects (PAPs) that seek to sustain and strengthen the efforts to effectively respond to and recover from the pandemic.

With this Budget and the implementation of other prudent fiscal policies, bouncing back from the socioeconomic downturns caused by the pandemic is possible and achievable.

Selected Revised Growth Targets (2021-2022)

Indicator	Baseline	2021	2022
GDP Growth (%)	6.9 (2016) ^r	6.5-7.5	6.5-7.5
Poverty incidence (% of population) reduced ^{1/}	23.5 (2015) ^r	15.5-17.5	-
Employment generated increased (count)	N/A (2016)	2.4-2.8 million	1.0-1.2 million
Unemployment rate (%) decreased	5.4 (2016) ^r	7.0-9.0	7.0-9.0

Note: r – revised

^{1/}No target/data since the Family Income and Expenditure Survey (FIES) is conducted every three years. The next FIES will be conducted in 2021.

Source: Updated Philippine Development Plan 2017-2022



Focused on Recovery and Resilience

Facilitating recovery and building resilience are the main thrusts of the 2021 National Budget.

- Social and economic services receive the bulk of the Budget, or 66.38%, with the highest priority given to the purchase of COVID-19 vaccines and other health-related pandemic response programs.
- Sufficient allocations are set aside for employment programs and other social safety nets for sectors that are most affected and vulnerable to the outbreak.
- The *Build, Build, Build* Program is expected to help lift the economy by generating 1.1 million jobs in 2021.
- Digital transformation efforts are funded to ease the shift to the post-pandemic life.



Sustains Adoption of the Cash Budgeting System (CBS)

With 2021 marking the third year of the transition to the CBS, the 2021 National Cash Budget prioritizes shovel-ready PAPs that aid in economic recovery and public service delivery.

Enables a Stronger Partnership with Local Government Units (LGUs)

LGUs serve as the “frontliners” in combatting the pandemic. To ensure faster and more efficient pandemic response and recovery efforts at the local level, the government sets aside a bigger allocation for LGUs in the 2021 Budget, amounting to PhP844.6 billion.

Promotes Greater Coordination with Private Stakeholders

The Budget promotes opportunities for enhancing partnerships with the private sector and other stakeholders as key to an effective and sustainable recovery from the negative impacts of the public health crisis.

- The passage of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill will reduce income taxes for businesses, which will eventually lead to the creation of more jobs for Filipinos.



Comparison of the 2020 and 2021 National Budgets

2020 GAA
PhP4.100 T
13.6% growth rate
22.5% of GDP

2021 GAA
PhP4.506 T
9.9% growth rate
22.5% of GDP

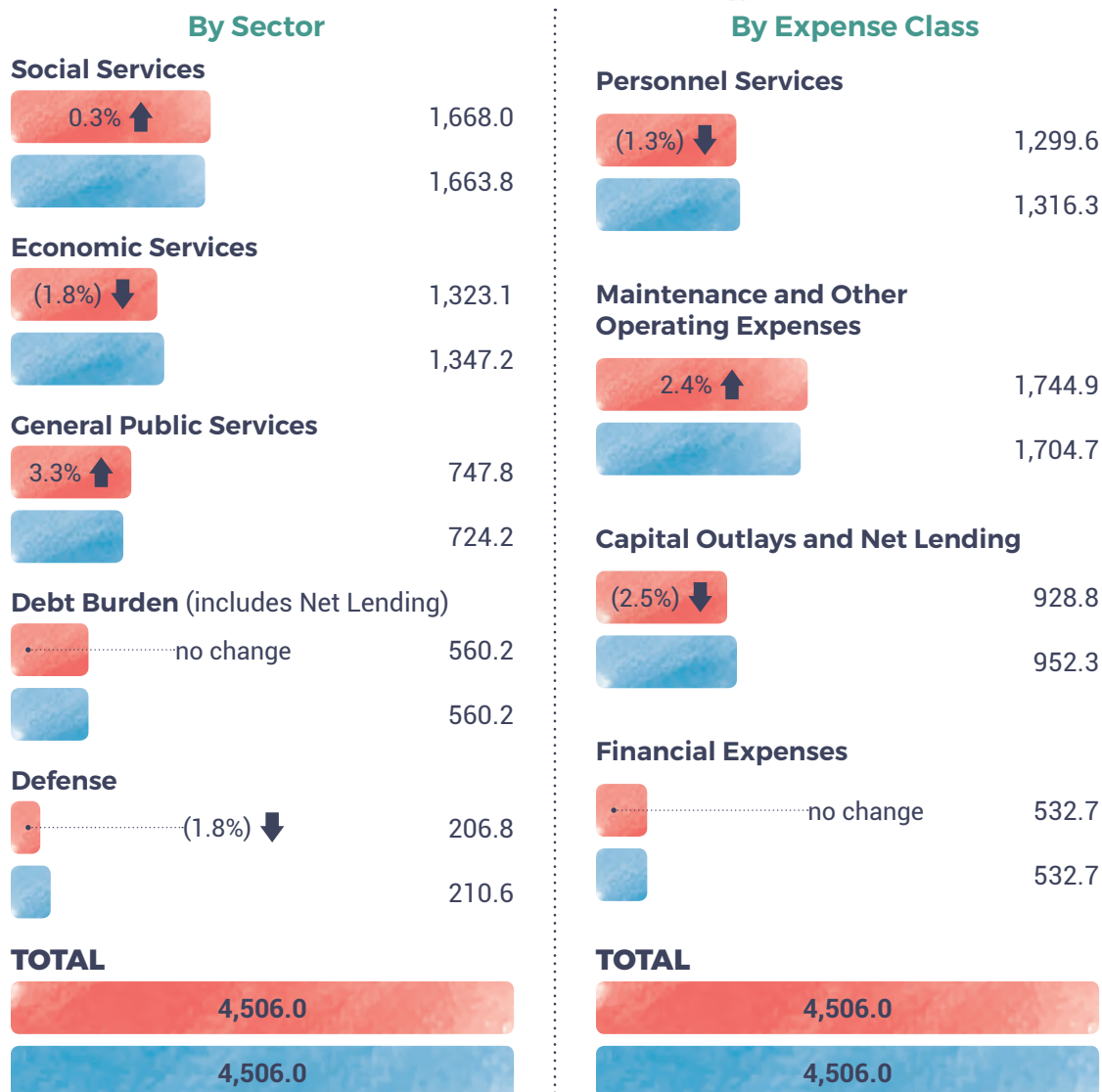
Note: 2020 GAA's growth rate was compared to the 2019 actual obligations amounting to PhP3,610.5 billion



Comparison of the FY 2021 Enacted Budget vs. the Proposed Budget

While amendments were made in the allocations of the sectors, the total National Budget for 2021, signed into law by President Duterte as the 2021 General Appropriations Act on December 28, 2020, maintains the proposed level of PhP4.506 trillion.

2021 NEP vs. 2021 GAA (in billion Pesos)



Note: Figures may not add up due to rounding off.

NEP (National Expenditure Program)
Pertains to the government's proposed spending plan for a fiscal year that is submitted to the Congress for approval

GAA (General Appropriations Act)
Refers to the enacted or approved National Budget



How does the government ensure that items in the National Budget are consistent with its priorities?

The President of the Philippines has the Constitutionally mandated power to veto certain changes made by the Congress in the proposed Budget.

VETOED ITEMS IN THE 2021 BUDGET



12 Special Provisions and 1 Proviso under the General Provision are subject to Direct Veto.

This veto action has the effect of deleting the vetoed item, special or general provisions, as well as provisos within a special or general provision.



45 provisions (40 Special Provisions and 5 General Provisions) are for Conditional Implementation.

This veto action requires the issuance of guidelines by the agencies concerned for the proper implementation of the affected item, special or general provisions, as well as provisos within a special or general provision.



5 Special Provisions are for General Observation.

This allows the President to express his views and clarify how the subject item, special or general provisions, as well as provisos within a special or general provision, will be implemented.



New Budgetary Items

Under Item V of the President's Veto Message for FY 2021 GAA, there are new budgetary items introduced by the Congress in the GAA which have corresponding effects in the respective outputs and outcomes of the agencies concerned. These new budgetary items are subject to the National Government's cash programming, the observance of prudent and responsible fiscal management, applicable rules and procedures during budget execution, and approval by the President based on the programmed priorities of the government. The FY 2021 President's Veto Message mandated the DBM to inform the agencies of such new budgetary items and require the submission of the revised agency performance targets, among other supporting documents as may be applicable.



2021 Budget Dimensions

by Sector (Traditional System)^{1/}

As the pandemic calls for the bolstering of national health and social protection systems, Social Services receives the largest share of the 2021 National Budget amounting to PhP1.668 trillion, 11.6% higher than the PhP1.495 trillion in 2020. Meanwhile, Economic Services corners PhP1.323 trillion in 2021, 10.3% higher than its 2020 allocation, to support economic recovery measures.

Social Services PhP1.668 T

To continue to improve the quality of life of Filipinos through priority programs for health, education, social welfare, and housing, among others



Economic Services PhP1.323 T

To revitalize the economy through infrastructure development, tourism, trade, and agriculture, among others



General Public Services PhP747.8 B

To maintain public order and safety, and ensure the efficient management of fiscal resources, among others



Debt Burden (includes Net Lending) PhP560.2 B

To cover interest payments for domestic and foreign debts, and net lending



Defense PhP206.8 B

To safeguard national security and stability, which are crucial for economic recovery

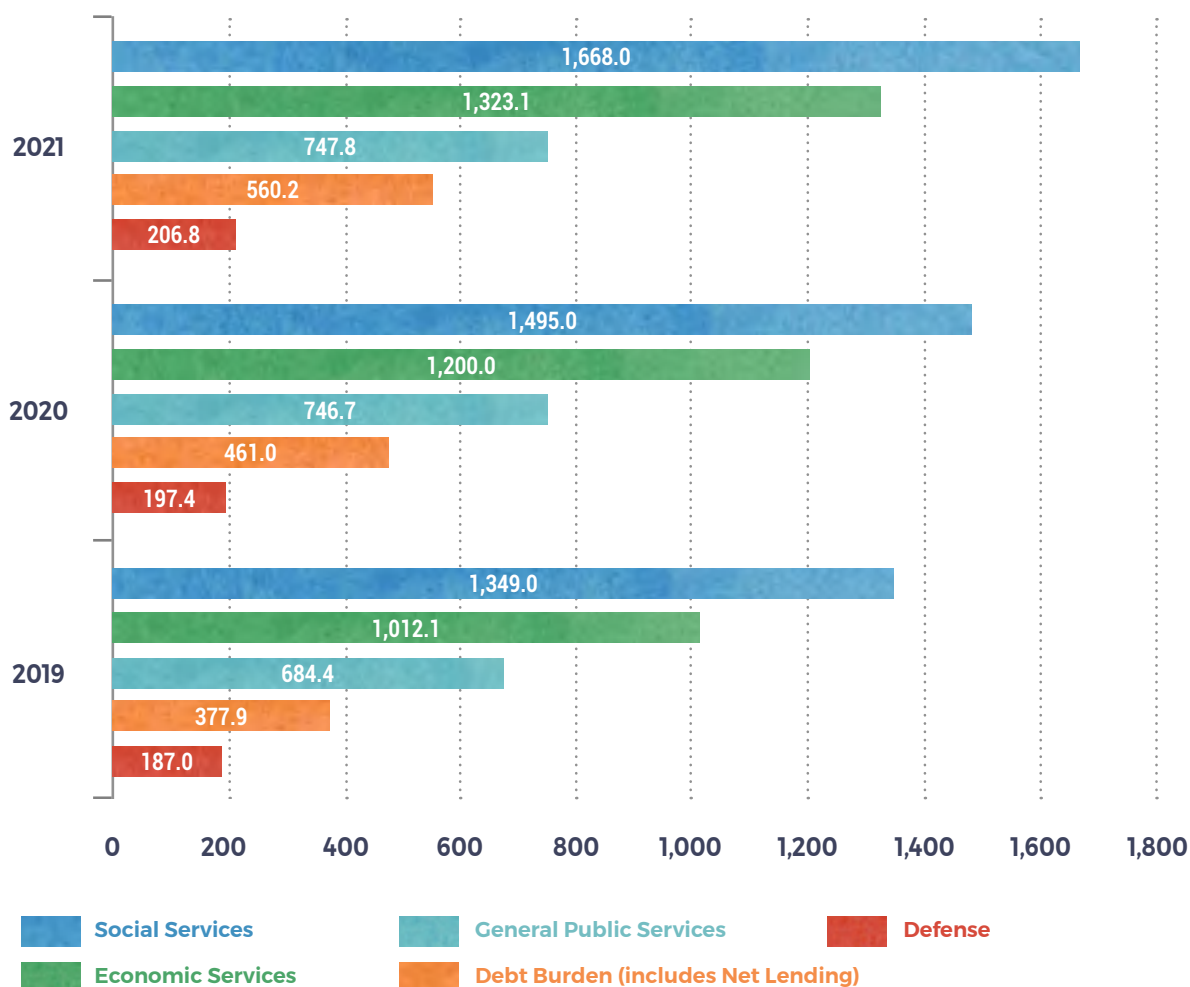


^{1/}Based on the function/s of the recipient agencies of the budget allocations



By Sector Allocation, 2019-2021

(in billion Pesos)



Percentage Share of the Budget by Sector, 2019-2021

Particulars	2019 (Actual)	2020 GAA	2021 GAA
Social Services	37.4	36.5	37.0
Economic Services	28.0	29.3	29.4
General Public Services	19.0	18.2	16.6
Debt Burden (includes Net Lending)	10.5	11.2	12.4
Defense	5.2	4.8	4.6

Note: Figures may not add up due to rounding off.

2021 Budget Dimensions

by Sector (COFOG)

Under the Classification of the Functions of Government (COFOG) system, government expenditures are divided into 10 groups or sub-sectors based on their function, purpose, and contribution to society.

Sectors that Benefit Society as a Whole

General Public Services

PhP1,900.5 B (42.2%)

To cover the expenses for general administration, such as lawmaking, fiscal management, foreign affairs, public debt transactions, and other governance or regulatory services

Of which:

- PhP764.6 B** Executive and legislative organs, financial and fiscal affairs, external affairs
- PhP546.0 B** Public debt transactions
- PhP494.9 B** General services

Economic Affairs

PhP697.5 B (15.5%)

To fund the sectors that spur economic growth, such as infrastructure development, agriculture, transport, fuel and energy, and communications

Of which:

- PhP546.3 B** Transport
- PhP105.9 B** Agriculture, forestry, fishing, and hunting
- PhP15.1 B** General economic, commercial, and labor affairs

Public Order and Safety

PhP259.5 B (5.8%)

To support the police and fire protection services, law courts, and prisons

Of which:

- PhP170.4 B** Police services
- PhP33.1 B** Law courts
- PhP22.6 B** Fire protection services

Note: Figures in () represent percentage shares of the total Budget.

Defense

PhP184.7 B (4.1%)

To fund programs and projects for military and civil defense, foreign military aid, research and development, and cybercrime protection

Of which:

- PhP182.2 B** Military defense
- PhP1.5 B** Civil defense

Environmental Protection

PhP24.1 B (0.5%)

To ensure the protection and conservation of natural resources through waste management, pollution abatement, protection of biodiversity, and landscape management

Of which:

- PhP9.5 B** Protection of biodiversity and landscape
- PhP3.3 B** Waste management
- PhP2.8 B** Pollution abatement



Sectors that Directly Benefit Individuals

Education

PhP749.1 B (16.6%)

To fund basic (pre-primary, primary, secondary) and tertiary education, among others

Of which:

- PhP276.9 B** Pre-primary and primary education
- PhP231.8 B** Secondary education
- PhP107.5 B** Tertiary education

Social Protection

PhP456.4 B (10.1%)

To fund programs and projects focused on the welfare of the people, especially the vulnerable groups

Of which:

- PhP106.8 B** *Pantawid Pamilyang Pilipino Program*
- PhP81.6 B** Survivors (Gender and Development, Internally Displaced Persons, and Disaster Relief Assistance)
- PhP27.6 B** Family and children (Street families)

Health

PhP221.6 B (4.9%)

To cover expenditures for hospitals, outpatient and public health services, health insurance, and R&D on health

Of which:

- PhP78.1 B** Public health services
- PhP71.4 B** Health insurance
- PhP67.2 B** Hospital services

Housing and Community Amenities

PhP8.0 B (0.2%)

To provide for housing and community development, including amenities such as potable water supply

Of which:

- PhP5.1 B** Water supply
- PhP1.8 B** Community development
- PhP1.0 B** Housing development

Recreation, Culture, and Religion

PhP4.6 B (0.1%)

To finance services that promote national identity through recreation and sports, culture, publishing, and religion, among others

Of which:

- PhP2.1 B** Cultural services
- PhP1.3 B** Recreational and sporting services
- PhP657 M** Broadcasting and publishing services



2021 Budget Dimensions

by Expense Class

Another way of presenting the 2021 National Budget is through the nature or type of each obligation. Items in the Budget may be classified into four major expense classes: Personnel Services (PS), Maintenance and Other Operating Expenses (MOOE), Capital Outlays (CO), and Financial Expenses (FinEx).

38.7%
of the National Budget

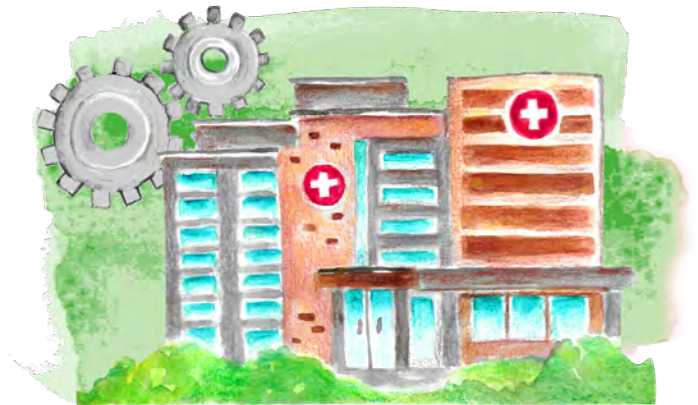
Maintenance and Other Operating Expenses

2021: PhP1,744.9 B

2020: PhP1,633.5 B

2019: PhP1,418.9 B

- Day-to-day operations of national government agencies (NGAs), covering expenses for basic utilities and maintenance, among others
- Rice programs of the Department of Agriculture
- Banner programs of the Department of Health (DOH)
- Adjustment Measures Program of the Department of Labor and Employment
- Preparations for the 2022 national and local elections
- Allocations to local government units^{1/}



^{1/}Inclusive of Internal Revenue Allotment, Special Shares in the Proceeds of National Taxes, Local Government Support Fund, Special Shares in the Proceeds of Fire Code Fees, Barangay Officials Death Benefits, and Allocation for the Metropolitan Manila Development Authority

28.9%
of the National Budget

Personnel Services

2021: PhP1,299.6 B

2020: PhP1,184.8 B

2019: PhP1,138.1 B

- Wages, benefits, and other allowances of government civilian and military employees
- Hiring of health care workers under the DOH's Human Resources for Health Deployment Program
- Implementation of the second tranche of the Salary Standardization Law of 2019
- Pension requirements of military and uniformed personnel



20.6%

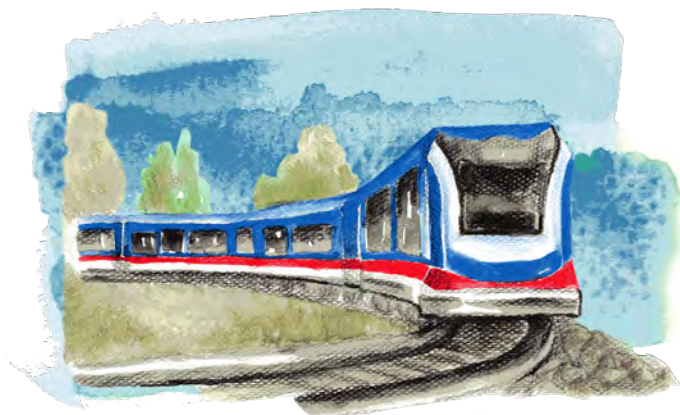
of the National Budget

Capital Outlays (includes Net Lending)**2021: PhP928.8 B**

2020: PhP829.4 B

2019: PhP703.7 B

- Purchase of goods and services that can be used beyond the fiscal year and add to the assets of the National Government
- Banner programs of various NGAs, such as the *Build, Build, Build* Program, Health Facilities Enhancement Program, and the Armed Forces of the Philippines Modernization Program, among others

**11.8%**

of the National Budget

Financial Expenses**2021: PhP532.7 B**

2020: PhP452.4 B

2019: PhP401.0 B

- Payment for management supervision/trusteeship fees, interest expenses, commitment fees, and bank charges
- Other financial charges incurred by NGAs when owning or renting an asset or property


Budget by Expense Class, 2020-2021
 (in billion Pesos)

Particulars	2020 (Program)	2021 GAA	% Increase/ (Decrease)
MOOE	1,633.5	1,744.9	6.8
PS	1,184.8	1,299.6	9.7
CO (<i>includes Net Lending</i>)	829.4	928.8	12.0
FinEx	452.4	532.7	17.8
Total	4,100.0	4,506.0	9.9

Note: Figures may not add up due to rounding off.

2021 Budget Dimensions

by Recipient Unit

The major recipients of the Budget are national government agencies (NGAs), local government units (LGUs), and government-owned and/or -controlled corporations (GOCCs).

● NGAs

NGAs receive the largest share amounting to **PhP2,942.8 billion**, representing 65.3% of the 2021 Budget and an increase of 10.7% from its 2020 level of PhP2,658.7 billion. This is to ensure sufficient funding for government programs, activities, and projects crucial for the COVID-19 response and economic recovery.

● LGUs

PhP844.6 billion, or 18.7% of the 2021 Budget, is for support to LGUs. This is 7.9% higher than the 2020 level of PhP782.7 billion due to the additional budget in the Internal Revenue Allotment (IRA) and the funding requirements for the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).

● GOCCs

Subsidy to GOCCs amounts to **PhP187.1 billion**, corresponding to 4.2% of the total 2021 Budget. The amount is lower than its PhP207.7 billion allocation in 2020 as a result of the conclusion of the Unconditional Cash Transfer Program and the completion of some irrigation projects of the National Irrigation Administration.

● Creditors

The remaining 11.8% or **PhP531.5 billion**, is set aside for payment to creditors. This is up by 17.8% from its 2020 level, in view of higher borrowing costs and interest rates.

NGAs
PhP2,942.8 B



LGUs
PhP844.6 B



Creditors
PhP531.5 B



GOCCs
PhP187.1 B

Budget by Recipient Entity, 2020-2021 (in billion Pesos)

Recipient	2020 Budget	% Share	2021 Budget	% Share
NGAs	2,658.7	64.8	2,942.8	65.3
LGUs	782.7	19.1	844.6	18.7
GOCCs	207.7	5.1	187.1	4.2
Creditors	451.0	11.0	531.5	11.8
Total	4,100.0	100.0	4,506.0	100.0

Note: Figures may not add up due to rounding off.

The Health, Public Works, and Labor and Employment Sectors are provided substantial increases over their 2020 budgets to improve health service delivery and create jobs to stimulate the economy.



Top 10 Departments

1

Education

(Department of Education, State Universities and Colleges, Commission on Higher Education, Technical Education and Skills Development Authority)

2021: PhP751.7 B

2020: PhP692.6 B



6

Social Welfare

(Department of Social Welfare and Development)

2021: PhP176.9 B

2020: PhP200.5 B

2

Public Works

(Department of Public Works and Highways)

2021: PhP695.7 B

2020: PhP581.7 B

7

Transportation

(Department of Transportation)

2021: PhP87.9 B

2020: PhP100.6 B

3

Interior and Local Government

(Department of the Interior and Local Government)

2021: PhP249.3 B

2020: PhP241.6 B

8

Agriculture

(Department of Agriculture)

2021: PhP71.0 B

2020: PhP64.7 B

4

Health

(Department of Health, Philippine Health Insurance Corporation)

2021: PhP210.2 B

2020: PhP175.8 B

9

The Judiciary

2021: PhP45.3 B

2020: PhP41.2 B

5

Defense

(Department of National Defense)

2021: PhP205.8 B

2020: PhP192.1 B

10

Labor and Employment

(Department of Labor and Employment)

2021: PhP37.1 B

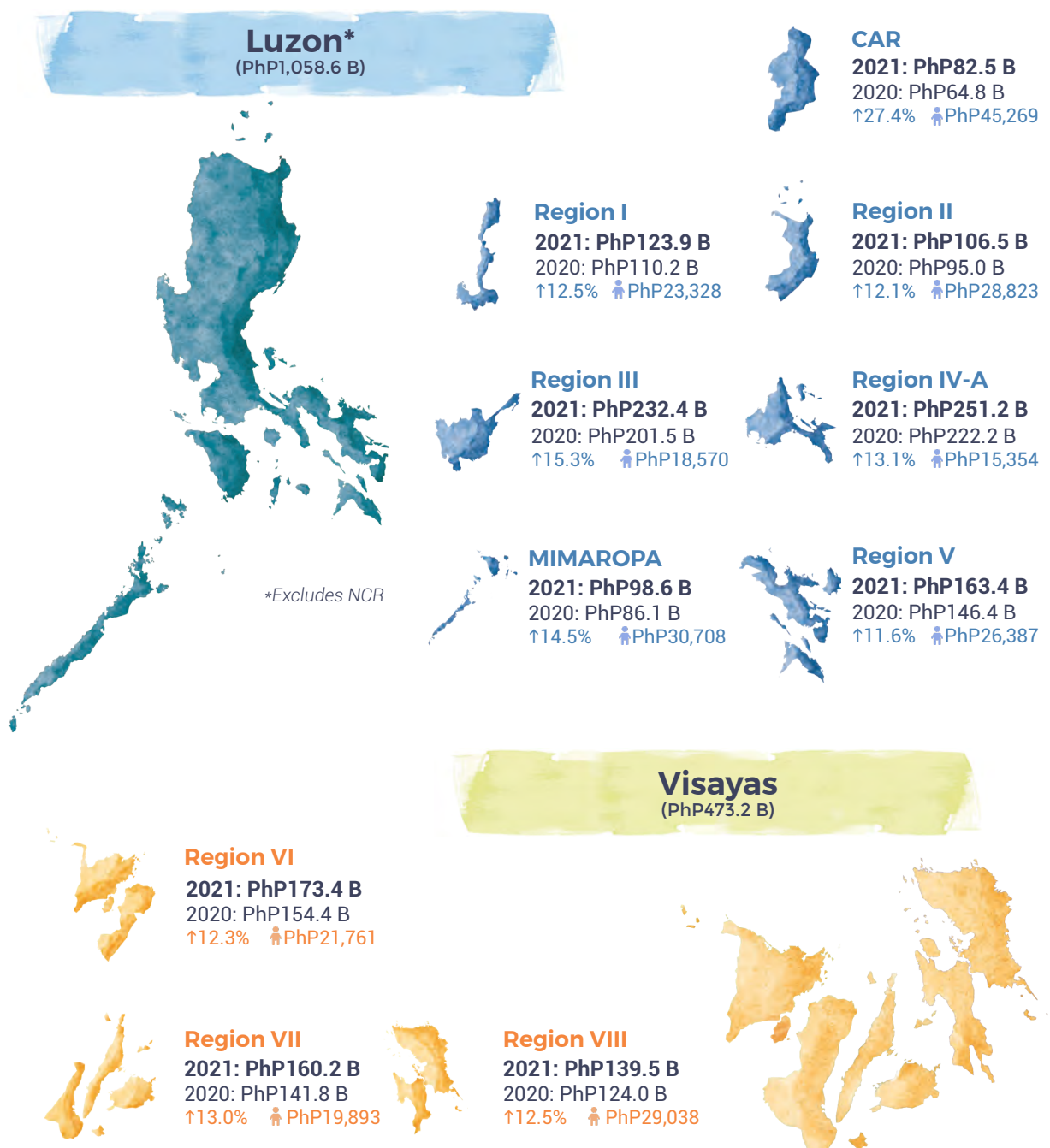
2020: PhP17.9 B

Note: 2020 figures do not reflect the adjustments made to redirect funds for the COVID-19 response.

2021 Budget Dimensions


by Region

To pursue balanced and sustainable economic development, the government ensures the equitable distribution of resources across the different regions in the country. **PhP3,149.1 billion**, or 69.9%, represents the direct share of the regions in the 2021 National Budget to fund programs and projects that promote growth in both urban and rural communities.



Mindanao (PhP767.2 B)

Note:

- Figures may not add up due to rounding off.
- Based on the projected population of the Philippine Statistics Authority (as of July 1, 2021)
-  represents per capita allocations.

Region IX

2021: PhP103.7 B

2020: PhP93.7 B

↑10.6%  PhP27,218

Region X

2021: PhP144.1 B

2020: PhP122.8 B

↑17.3%  PhP28,405

Region XI

2021: PhP166.5 B

2020: PhP133.5 B

↑ 24.7%  PhP30,988

Region XII

2021: PhP98.8 B

2020: PhP91.3 B

↑8.2%  PhP19,810

CARAGA

2021: PhP122.7 B

2020: PhP82.3 B

↑49.1%  PhP44,098

ARMM

2021: PhP131.5 B

2020: PhP112.2 B

↑ 17.2%  PhP30,785

National Capital Region

2021: PhP850.2 B

2020: PhP910.2 B

↓6.6%  PhP60,876

Non-Regionalized Budget



Nationwide Allocations^{1/}

2021: PhP980.4 B

2020: PhP841.4 B

These consist of special purpose funds and lump sums that will be distributed to various regions during the budget year.



Central Office Allocations

2021: PhP376.5 B

2020: PhP366.0 B

These represent the assets managed by the Head Office of departments/agencies for their respective units.

^{1/}These include the Allocation to Local Government Units (excluding Internal Revenue Allotment and Support to Barangay Development Program of the NTF-ELCAC, Conditional Matching Grant to Provinces, and Assistance to Cities), National Disaster Risk Reduction and Management Fund, Miscellaneous Personnel Benefits Fund, Pension and Gratuity Fund, Net Lending, Debt Service Fund, and Tax Expenditure Fund.

2021 Budget Dimensions

by Special Purpose Fund

For 2021, Special Purpose Funds (SPFs) amount to **PhP1.793 trillion**, 8.1% higher than the PhP1.658 trillion in 2020. SPFs are budgetary allocations for particular socioeconomic purposes. While most SPFs are presented in detail in the GAA (e.g., disaggregated SPFs), some are lump sum in nature and thus may only be distributed to recipient agencies when the specific programs and projects to be funded have been identified during budget execution.

Disaggregated SPFs

PhP1,213.9 B

Funds that are already broken down into allocations for specific agencies, programs, and projects



Allocations to LGUs

PhP844.6 B

Subsidies given to LGUs that constitute their share in the national revenue collection

PhP695.5 B	Internal Revenue Allotment
PhP80.3 B	Bangsamoro Autonomous Region in Muslim Mindanao
PhP35.2 B	Local Government Support Fund
PhP28.3 B	Special Shares in the Proceeds of National Taxes
PhP4.8 B	Metropolitan Manila Development Authority
PhP459 M	Special Shares in the Proceeds from Fire Code Fees

Budgetary Support to Government Corporations

PhP187.1 B

Financial assistance to government corporations in the form of equities and/or subsidies, including net lending

Pension and Gratuity Fund

PhP152.9 B

Payment of government personnel's pension, retirement and terminal leave benefits, separation pay, and monetized leave credits

Miscellaneous Personnel Benefits Fund

PhP29.3 B

Personnel-related expenditures, such as, but not limited to, funds for the creation of new positions, filling of authorized positions, and various benefits of civil servants

Disaggregated SPFs, 2020-2021

(in billion Pesos)

Particulars	2020 GAA	2021 GAA	% Increase/ (Decrease)
Allocations to LGUs	782.7	844.6	7.6
Budgetary Support to Government Corporations	207.7	187.1	(9.9)
Pension and Gratuity Fund	116.2	152.9	31.6
Miscellaneous Personnel Benefits Fund	56.6	29.3	(48.2)

Lump-Sum SPFs PhP579.0 B

Funds that are yet to be disaggregated and/or can only be implemented when certain conditions are met



National Disaster Risk Reduction and Management Fund (NDRRMF) PhP20.0 B

Emergency funds to be used for recovery efforts and assistance to communities and areas affected by natural and human-induced disasters

Tax Expenditure Fund PhP14.5 B

Payment for taxes and customs obligations of agencies, LGUs, and government corporations

Contingent Fund PhP13.0 B

Standby funds for urgent and/or new projects and activities of government agencies and corporations that need to be implemented or paid for during the fiscal year

Debt Interest Payments PhP531.5 B

Payment for expenses incurred from domestic and foreign borrowings

Lump-Sum SPFs, 2020-2021 (in billion Pesos)

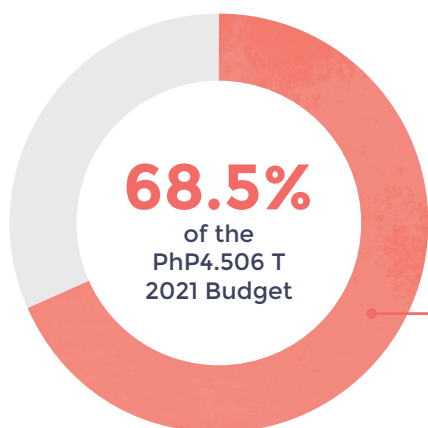
Particulars	2020 GAA	2021 GAA	% Increase/ (Decrease)
NDRRMF	16.0	20.0	25.0
Tax Expenditure Fund	14.5	14.5	-
Contingent Fund	13.0	13.0	-
Debt Interest Payments	451.0	531.5	17.8



2021 Budget Dimensions

by Appropriation Source

An appropriation is an authorization for incurring obligations during a specified budget year. The National Budget may be classified into the following: (1) New General Appropriations, which refers to the portion of the Budget that is submitted annually for approval to the Congress; and (2) Automatic Appropriations, which does not need to be included in the legislation of the Budget since it is already authorized by existing laws.



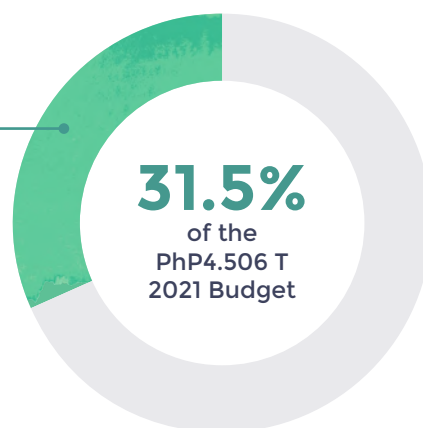
New General Appropriations
PhP3,086.8 B

For 2021, New General Appropriations total PhP3,086.8 billion, representing:

- 68.5% of the 2021 Budget
- 15.0% of GDP

This is composed of the following:

- **PhP2,646.0 B** Departments and Agencies
- **PhP440.8 B** SPFs



Automatic Appropriations
PhP1,419.2 B

Automatic Appropriations amount to PhP1,419.2 billion, equivalent to:

- 31.5% of the 2021 Budget
- 6.9% of GDP

This can be broken down into the following:

- **PhP695.5 B** Internal Revenue Allotment
- **PhP531.5 B** Debt Service - Interest Payment
- **PhP71.7 B** Bangsamoro Block Grant
- **PhP56.2 B** Retirement and Life Insurance Premiums
- **PhP28.7 B** Net Lending
- **PhP21.1 B** Special Account in the General Fund
- **PhP14.5 B** Tax Expenditure Fund
- **PhP0.480 M** Pension of Ex-Presidents and their Spouses



Unprogrammed Appropriations PhP176.3 B

Unlike the New General Appropriations and Automatic Appropriations, Unprogrammed Appropriations are not included in the computation of the Programmed Budget. This is because these are standby funds that may only be released when any of the following conditions are present:

- Excess revenue collections
- New revenue sources
- Approved loans for foreign-assisted projects

Selected Allocations for COVID-19 Response under Unprogrammed Appropriations

PhP70.0 B

Purchase of COVID-19 Vaccines

To provide funding for vaccine procurement and logistical requirements, as well as the conduct of a nationwide mass immunization program against COVID-19

PhP12.1 B

Social Protection Programs due to the COVID-19 Pandemic

To mitigate the negative impacts of the health crisis among the poor and vulnerable

PhP6.0 B

Flexible Learning Options

To cover expenses for the development, reproduction, and delivery of learning resources under the Basic Education - Learning Continuity Plan

PhP5.5 B

Health Facilities Enhancement Program

To construct, upgrade, repair, and rehabilitate various medical infrastructure in universal health care sites and marginalized communities

PhP3.0 B

DepEd Computerization Program

To procure and distribute multimedia packages to public schools







Spending Priorities

Strengthening the link between planning and budgeting, the 2021 Budget will support strategies and fund programs identified in the “We Recover as One” Report of the National Economic and Development Authority, which serves as the government’s roadmap to address the challenges caused by the pandemic and help revive the economy. Key budget priorities for 2021 are presented in the next pages.

COVID-19 Transparency Nook

The disruptions caused by the COVID-19 pandemic have severely impacted the lives of the Filipino people and the country's economy. In response to this, the Administration is committed to take action to control the pandemic and mitigate its impacts on affected and vulnerable groups, help citizens adapt to the post-pandemic life, and accelerate economic recovery.

Responding to the Pandemic

To strengthen the capacity of the Philippine health care system to respond to the pandemic and care for infected citizens

Regular Health Programs

National Health Insurance Program (PhilHealth)	PhP71.4 B
Medical Assistance to Indigent Patients	PhP17.0 B
Human Resources for Health Program	PhP16.6 B
Health Facilities Enhancement Program (HFEP)	PhP15.2 B ^{1/}
Family Health, Immunization, Nutrition, and Responsible Parenting	PhP12.2 B

New Health Programs/Projects for COVID-19 Response

Provision for:

Purchase of Personal Protective Equipment	PhP4.7 B
Procurement of COVID-19 Equipment and Infrastructure under the HFEP	PhP4.1 B
Procurement of COVID-19 Vaccines	PhP2.5 B
Procurement of RT-PCR Cartridges	PhP1.0 B
Operations of National Reference Laboratories	PhP496 M

Foreign-assisted Projects:

Health Systems Enhancement to Address and Limit (HEAL) COVID-19	PhP4.2 B
COVID-19 Emergency Response Project	PhP1.0 B

Research and Development:

Establishment of the Virology Science Institute of the Philippines	PhP283 M
Disease Surveillance and Monitoring of COVID-19 and Other Similar Respiratory Infections	PhP52 M



^{1/}Inclusive of PhP5.5 billion for the construction of primary care facilities under the Unprogrammed Fund, PhP4.1 billion allocation for the procurement of COVID-19 response equipment and infrastructure, and PhP1.9 billion for medical infrastructure projects funded by the Asian Development Bank and World Bank

COVID-19 Vaccine

An additional PHP70.0 billion under the Unprogrammed Appropriations is allocated for the logistical expenses and purchase of COVID-19 vaccines in 2021. This may be tapped when revenue collections exceed targets, or when additional grants or foreign funds are generated.



Mitigating the Impacts of COVID-19 and Adapting to the Post-Pandemic Life

To effectively mitigate the impacts of the health crisis on the hardest-hit sectors and help Filipinos adjust to the post-pandemic life

Education

Basic Education - Learning Continuity Plan	PhP100.7 B
<i>Of which:</i>	
Government Assistance and Subsidies	PhP26.8 B
DepEd Computerization Program	PhP5.9 B
Human Resource Development for Personnel in Schools and Learning Centers	PhP1.9 B

Food Security

Irrigation Services	PhP32.7 B ^{2/}
Rice Resiliency Project	PhP11.9 B
Rice Competitiveness Enhancement Program	PhP10.0 B
Rice Farmers Financial Assistance	PhP2.1 B
Seed Buffer Stocks	PhP0.9 B

Social Protection

Pantawid Pamilyang Pilipino Program	PhP106.8 B
Social Pension for Indigent Senior Citizens	PhP23.5 B
Sustainable Livelihood Program	PhP4.3 B
Balik Probinsya, Bagong Pag-Asa Program	PhP2.2 B

Industry and Livelihood

Livelihood and Emergency Employment Program	PhP20.4 B
Training for Work Scholarship Program	PhP4.1 B
Emergency Repatriation Program	PhP3.8 B
Abot-Kamay ang Pagtulong (AKAP) Program	PhP2.5 B
Micro, Small, and Medium Enterprises Development Program	PhP2.4 B
Pondo sa Pagbabago at Pag-Asenso Program	PhP1.0 B
Integrated Livelihood Program	PhP0.9 B

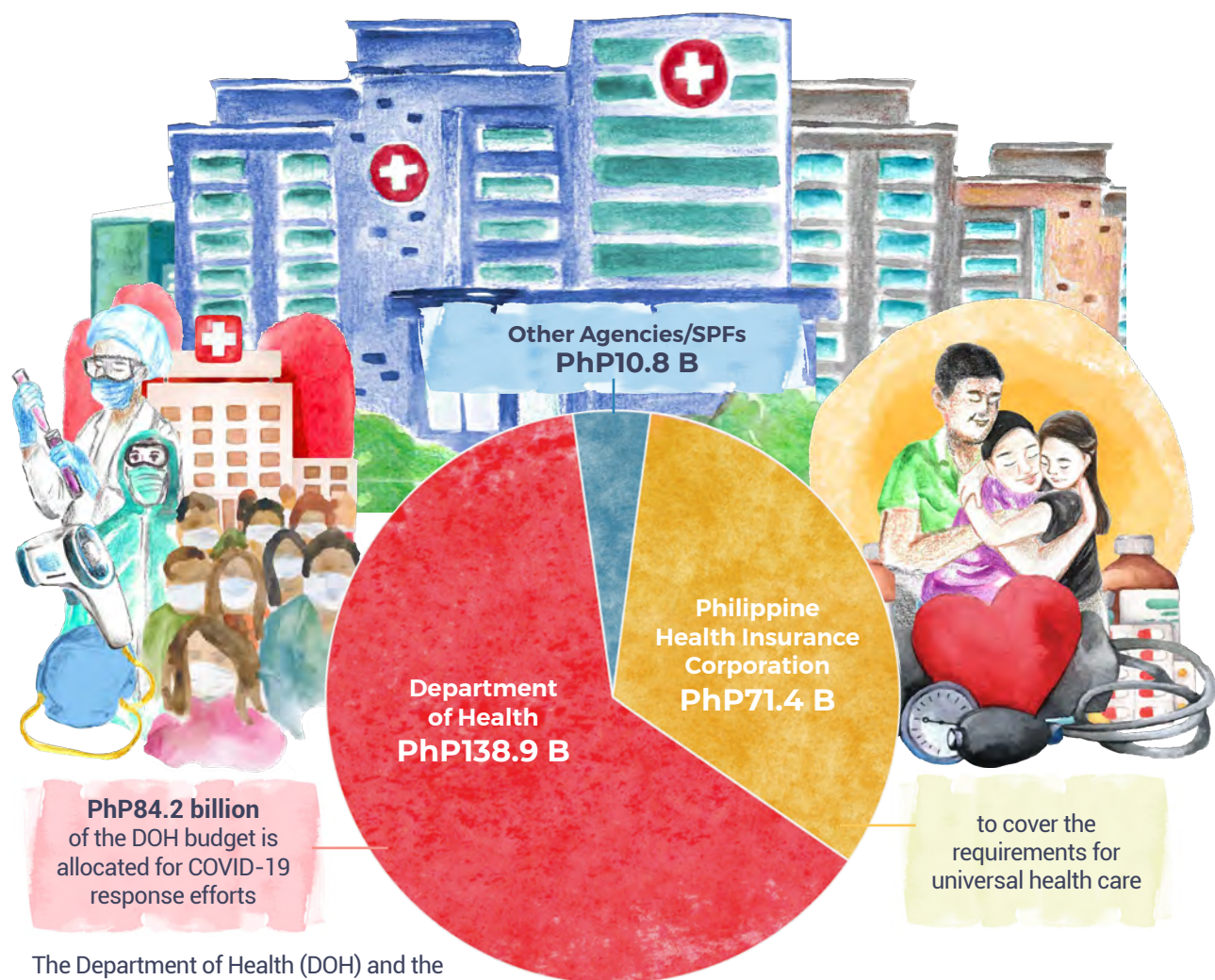
^{2/}Includes small reservoir irrigation and other irrigation systems (PhP31.7 billion) under the National Irrigation Administration, and small-scale irrigation projects of the DA (PhP1.0 billion)

For details of programs and projects on economic recovery, please see the Infrastructure Development section on pages 30-33.

Health and Nutrition

HHealth takes foremost priority in the Administration's master plan against COVID-19. The budget for the Health Sector is higher by 19.2%, from PhP185.5 billion in 2020 to **PhP221.1 billion** in 2021, to reset and bolster the foundations of the Philippine health care system, with the objective of making it more responsive and resilient to crises.

Breakdown of 2021 Health Sector Budget



The Department of Health (DOH) and the Philippine Health Insurance Corporation (PhilHealth) corner the biggest share of the Health Sector budget, amounting to PhP138.9 billion and PhP71.4 billion, respectively.

PhP84.2 billion of the DOH allocation is for COVID-19 response efforts, while the entire PhilHealth budget is set aside for universal health care (UHC).

Note: For a consolidated list of COVID-19 response programs and projects, please see the COVID-19 Transparency Nook section on pages 24-25.

Strengthening the Health Care System

PhP49.3 B

Health Facilities Operation Program

For funding the operations of DOH-administered health facilities to improve the people's access to curative and rehabilitative health care services

PhP29.6 B*

Purchase of Drugs, Medicines, and Vaccines

For the procurement and distribution of medicines, vaccines, medical drugs, and medical and dental supplies to government health care facilities

PhP16.6 B

Human Resources for Health

For the deployment of 313 doctors, 4,538 midwives, 19,777 nurses, and other health workers to remote and poverty-stricken areas

PhP15.2 B

Health Facilities Enhancement Program (HFEP)

For the construction, upgrading, rehabilitation, repair, and equipping of public health care facilities, including those designated for COVID-19 response



PhP7.8 B

HFEP budget under the DOH



PhP5.5 B

Construction of primary care facilities lodged in the Unprogrammed Fund



PhP1.9 B

Medical infrastructure projects funded by the Asian Development Bank and the World Bank



*Inclusive of the PhP2.5 billion for the purchase of COVID-19 vaccines

Bringing Health Care to the Grassroots

PhP71.4 B

National Health Insurance Program

For the provision of affordable and accessible health insurance to all Filipinos, in line with the UHC Law

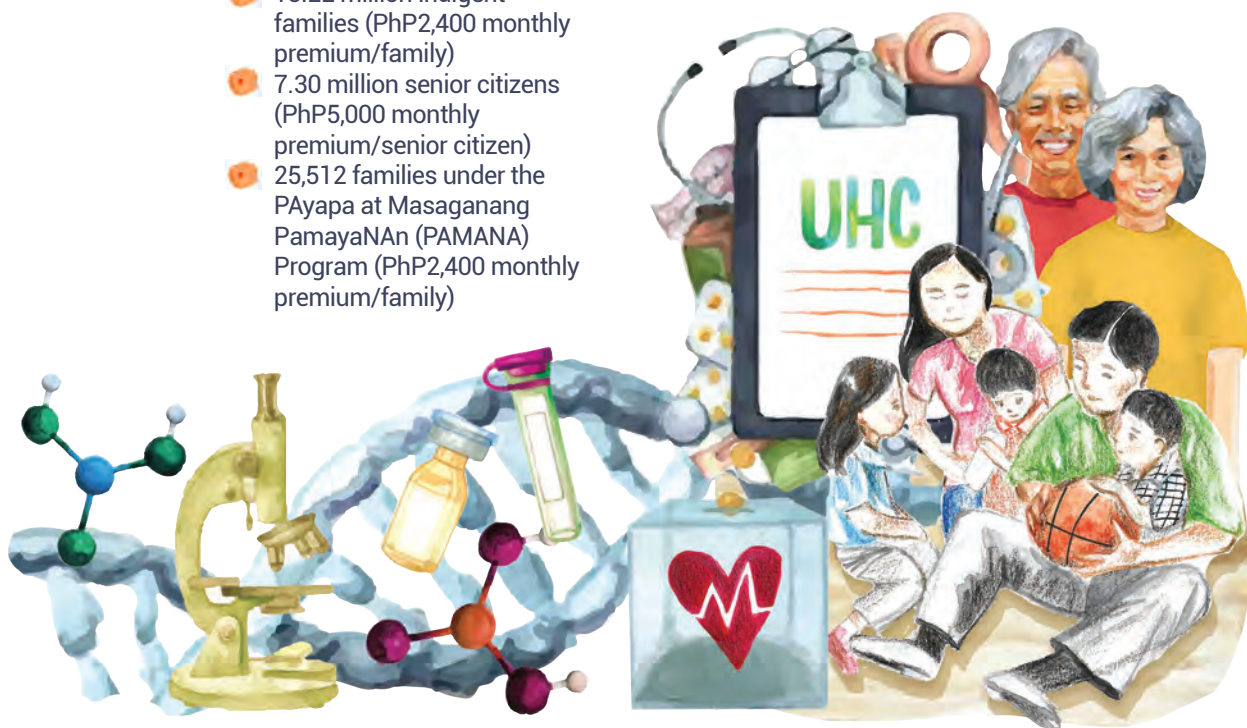
PhP17.0 B

Medical Assistance to Indigent Patients

For the hospitalization and provision of health assistance to a target 1.8 million indigent patients

Target Beneficiaries:

- 13.22 million indigent families (PhP2,400 monthly premium/family)
- 7.30 million senior citizens (PhP5,000 monthly premium/senior citizen)
- 25,512 families under the PAyapa at Masaganang PamayaNAn (PAMANA) Program (PhP2,400 monthly premium/family)



Ramping Up Medical Research and Development (R&D)

PhP932 M

National Health R&D Program

For the development, integration, management, and coordination of the national health research system in the Health Sector and related fields

PhP283 M

Establishment of the Virology Science and Technology Institute of the Philippines

For the purchase of R&D equipment and other materials needed for the country's first research facility that will specialize in the study of viruses and viral diseases

Promoting All-Around Well-Being

Disease Control and Prevention

PhP8.2 B

Prevention and Control of Communicable Diseases

For curbing the spread of infectious diseases, and also for the purchase of PPEs and RT-PCR cartridges

PhP2.5 B

Provision for COVID-19 Vaccines

For the procurement of COVID-19 vaccines to immunize the population and limit the spread of the coronavirus

PhP1.1 B

Prevention and Control of Non-Communicable Diseases

For the prevention and treatment of chronic diseases, such as hypertension, diabetes, cancer, and lung disease

PhP52 M

COVID-19 Surveillance

For the surveillance and monitoring of COVID-19 and other similar respiratory infections

Proper Nutrition

PhP12.2 B*

Family Health, Immunization, Nutrition, and Responsible Parenting

For protecting Filipinos from future outbreaks and capacitating them to handle various health situations

PhP159 M

First 1,000 Days Program

For the provision of nutritious meals to children in 196 cities and municipalities, and 3,974 barangays

PhP100 M

Complementary Feeding Program

For the purchase of therapeutic milk and protein-enriched foods to supplement the diets and improve the nutritional status of pregnant women and children ages 0 to 24 months



*Inclusive of the PhP2.5 billion for the purchase of COVID-19 vaccines

Infrastructure Development

To help the economy recover from the disruptions and setbacks caused by the pandemic, the government further accelerates the implementation of the *Build, Build, Build* Program, which is expected to catalyze economic activity and generate at least 1.1 million jobs in 2021.



PhP1.074 T (5.4% of GDP) Build, Build, Build Program

To fund various public infrastructure projects, such as:

Road Networks	PhP428.4 B
Flood Control Systems	PhP141.7 B
Development Fund of Local Government Units (LGUs)	PhP139.1 B
Buildings	PhP104.6 B
Railways	PhP38.0 B
School Buildings	PhP20.9 B
Irrigation Systems	PhP19.4 B
Right-of-Way Acquisitions	PhP12.1 B
Water Supply Systems	PhP7.3 B
Hospitals and Health Centers	PhP6.3 B
Housing and Community Facilities	PhP4.4 B
Power Supply Systems	PhP4.2 B
Reforestation Projects	PhP2.4 B

Regional Breakdown of the Public Infrastructure Budget, 2020-2021 (in billion Pesos)

Particulars	2020 GAA	2021 GAA
Nationwide ^{1/}	146.4	165.1
Central Office ^{2/}	461.7	504.6
Cordillera Administrative Region (CAR)	12.6	18.6
Region I	15.8	16.9
Region II	15.4	18.0
Region III	28.8	30.8
National Capital Region (NCR) ^{3/}	94.1	83.7
Region IV-A	28.9	33.6
MIMAROPA	14.2	14.7
Region V	23.5	25.7
Region VI	19.9	21.7
Region VII	20.0	20.7
Region VIII	19.1	21.6
Region IX	12.3	11.8
Region X	16.7	20.0
Region XI	19.6	22.6
Region XII	11.5	12.3
Region XIII	10.9	11.6
Bangsamoro Autonomous Region in Muslim Mindanao ^{4/}	18.0	19.7
TOTAL	989.3	1,073.8

Note: Figures may not add up due to rounding off.

^{1/}Nationwide allocations pertain to allocations that are yet to be distributed to various regional offices of departments/agencies and to multi-user special purpose funds (e.g., Calamity Funds).

^{2/}Central Office allocations consist of infrastructure allocations being managed by the head offices of departments/agencies for their respective units.

^{3/}Regional allocations for the NCR include funding requirements of departments/agencies located in the NCR with nationwide coverage, but without regional operating units.

^{4/}Inclusive of infrastructure projects located in the BARMM and former ARMM provinces



Improving Mobility and Flood Risk Management*

A total of PhP317.7 billion, or 45.7% of the 2021 allocation for the Department of Public Works and Highways (DPWH), will be used to fund the following programs that will ensure safe, reliable, and efficient road network systems and flood mitigation infrastructures:

PhP124.5 B

Network Development Program

To construct 926.65 kilometers (km) and widen 636.529 km of roads all over the country; and reduce the travel time in primary roads by 6.25%

PhP101.8 B

Flood Management Program

To construct 1,541 flood mitigation structures and drainage systems, including 531 facilities in major and principal rivers

PhP66.0 B

Asset Preservation Program

To maintain 691.685 km of roads and rehabilitate, reconstruct, and upgrade 257.348 km of roads

PhP25.4 B

Bridge Program

To construct and replace 30,739 lineal meters of bridges with a total area of 290,321 m², as well as maintain and rehabilitate 342 bridges across all regions

Expanding the Public Transportation System

PhP87.9 billion is allotted for the Department of Transportation to invest in programs and projects that will improve the connectivity and convenience of the country's transit system.

PhP49.3 B

Rail Transport Program

- PhP21.1 B** North-South Commuter Railway System
- PhP11.2 B** Metro Manila Subway Project Phase 1
- PhP7.0 B** Subsidy for Mass Transport (MRT3)
- PhP3.1 B** MRT3 Rehabilitation Project
- PhP1.6 B** Mindanao Railway Project

PhP6.7 B

Land Public Transportation Program

- PhP1.2 B** LTO IT Infrastructure Project
- PhP591 M** Public Utility Vehicle Modernization Project
- PhP511 M** Cebu Bus Rapid Transit System Project

PhP4.9 B

Aviation Infrastructure Program

- PhP1.1 B** Bukidnon Airport
- PhP700 M** Tacloban Airport
- PhP500 M** Sangley Airport
- PhP450 M** Siquijor Airport

PhP562 M

Maritime Infrastructure Program

- PhP155 M** Maritime Safety Capability Improvement Project, Phase 2
- PhP120 M** Currimao Port Phase I (Ilocos Norte)
- PhP100 M** Glan Port (Sarangani)

*Inclusive of foreign-assisted projects

Promoting Adaptation to the Post-Pandemic Life through E-governance

To further improve public service even during a health crisis, the government will fund the following programs and projects aimed at creating a harmonized e-government system:

PhP4.35 B

Telecommunications

To fund various programs of the Department of Information and Communications Technology, such as the Free Wi-Fi Internet Access in Public Places Project, National Broadband Plan, and National Government Portal, among others

PhP2.2 B

Education

To create an e-learning system, e-classroom facilities, and learning management systems

PhP1.4 B

Transportation

To develop an electronic system for public road transportation services and facilitate ease of franchise issuances

PhP939 M

Defense and Justice

To develop an e-Police Community Relations Management Information System and establish a Crime Laboratory Information Management Portal, among others

PhP173.3M

Labor

To upgrade critical systems that provide training and resources for the maritime industry

PhP167.5 M

Industry

To establish the Online Cooperative Business Matching System and enhance the Online Accreditation Facilities System, among others

PhP101 M

Health

To establish the Online Emergencies Information Management Reporting System, among others

PhP71.8 M

Social Protection

To develop the Online Indigenous Peoples Information System and Children's Organization Electronic Record Management System, among others



Strengthening Local Government Support

Some portions of the Local Government Support Fund are set aside for the development of infrastructure facilities in rural and urban areas nationwide.

Support to the *Barangay* Development Program

PhP16.4 B

To fund various programs of the National Task Force to End Local Communist Armed Conflict (NTF-ELCAC), such as farm-to-market roads, school buildings, water and sanitation systems, and health stations, among others

Financial Assistance to LGUs

PhP13.6 B

To construct, repair, and/or rehabilitate local roads, bridges, public markets, post-harvest facilities, and drainage canals, among others

Fostering Greater Collaboration and Partnership with Other Sectors

The DPWH also manages programs and projects for different sectors through its Convergence Program.

Access Roads to:

- PhP16.8 B** Tourist destinations
- PhP13.4 B** Trade, industries, and economic zones
- PhP2.2 B** Seaports
- PhP1.7 B** Airports
- PhP375 M** Railway stations

Facilities for:

- PhP7.8 B** National security
- PhP1.0 B** Disasters
- PhP550 M** Persons with disabilities, senior citizens, and gender responsiveness programs

Food Security

Disruptions in the food supply chain brought about by the COVID-19 pandemic threaten the food security of poor and vulnerable individuals. To address this and ensure the sufficiency of the country's food supply and production amid the outbreak, the Administration has allotted **PhP143.4 billion** for the Agriculture Sector in 2021.

Enhancing Food Production

PhP32.7 B

Irrigation Services^{1/}

To fund various national and communal irrigation projects that would irrigate 2,308,964.97 hectares of farmland

PhP11.7 B

Farm-to-Market Roads^{2/} (FMRs)

To improve the mobility of agricultural and fishery products between production areas and markets through the construction of 976.58 kilometers of FMRs

PhP10.0 B

Rice Competitiveness Enhancement Program

To provide agricultural equipment and machinery, inbred rice seeds, expanded credit assistance, and agricultural extension services to local individual farmers and associations

Regional Allocation of FMRs, 2021

Cordillera Administrative Region	PhP1,141 M
Region I	PhP879 M
Region II	PhP1,166 M
Region III	PhP883 M
Region IV-A	PhP1,152 M
MIMAROPA	PhP506 M
Region V	PhP737 M
Region VI	PhP748 M
Region VII	PhP633 M
Region VIII	PhP666 M
Region IX	PhP582 M
Region X	PhP582 M
Region XI	PhP1,080 M
Region XII	PhP492 M
CARAGA	PhP474 M
TOTAL	PhP11,719 M

Note: Figures may not add up due to rounding off.

^{1/}Includes small reservoir irrigation and other irrigation systems (PhP31.7 billion) under the National Irrigation Administration, and small-scale irrigation projects of the DA (PhP1.0 billion)

^{2/}Includes locally-funded projects only

Ensuring Adequate Food Supply

PhP24.7 B

National Programs of the Department of Agriculture (DA)

To implement the following programs:



- **PhP15.5 B**
National Rice Program
To raise the country's rice sufficiency level by producing a target 20.47 million metric tons (MMT) of *palay*
- **PhP3.9 B**
National Fisheries Program
For the production and distribution of fish seeds, fishing gear/ paraphernalia, and post-harvest equipment
- **PhP1.8 B**
National High Value Crops Program
To produce 9.55 MMT of bananas, 2.86 MMT of pineapples, 0.77 MMT of mangoes, 0.112 MMT of rubber, 0.017 MMT of coffee, 0.009 MMT of cacao, and 0.077 MMT of abaca
- **PhP1.5 B**
National Corn Program
To produce 6.24 MMT of white corn and 2.39 MMT of yellow corn
- **PhP1.2 B**
National Livestock Program
To raise 1.9 MMT of hogs and 1.9 MMT of chickens in order to ensure the availability of livestock products
- **PhP0.8 B**
National Organic Agriculture Program
To provide for ecologically sustainable, environment-friendly, and safer food production systems by converting 528,796 hectares of agricultural land to organic farming

PhP7.0 B

Buffer Stocking Program

To procure 368,421 metric tons of *palay* from local farmers to ensure sufficient rice supply during calamities and emergencies

Major Commodity Programs of the DA, 2019-2021

Particulars	2019 GAA	2020 GAA	2021 GAA
National Rice Program	PhP7.4 B	PhP6.9 B	PhP15.5 B
National Fisheries Program	PhP4.5 B	PhP4.9 B	PhP3.9 B
National High Value Crops Program	PhP1.5 B	PhP1.4 B	PhP1.8 B
National Corn Program	PhP1.6 B	PhP1.5 B	PhP1.5 B
National Livestock Program	PhP1.2 B	PhP1.1 B	PhP1.2 B
National Organic Agriculture Program	PhP0.5 B	PhP0.5 B	PhP0.8 B

Supporting Farmers and Fisherfolk

SPENDING PRIORITIES



PhP3.5 B

Crop Insurance

To provide full insurance premiums that would cover crops and non-crop agricultural assets of 1,800,144 farmers and fisherfolk under the Registry System for Basic Sectors in Agriculture (RSBSA)

PhP3.4 B

Land Acquisition and Distribution

To distribute 45,455 hectares of agricultural land to 40,083 landless agrarian reform beneficiaries through the Comprehensive Agrarian Reform Program



PhP2.7 B

Agricultural Credit Assistance

To expand access to affordable credit for eligible farmers and fisherfolk identified under the RSBSA

Poverty Incidence among Farmers and Fisherfolk

In 2018, farmers and fisherfolk, especially those residing in rural areas, had the highest incidences of poverty at 31.6% and 26.2%, respectively. To address this, the government continues to implement and support policies and programs that will help improve the lives of workers in the agriculture sector.

		2012	2015	2018
	Farmers	38.3	40.8	31.6
	Fisherfolk	39.2	36.9	26.2

Source: Philippine Statistics Authority (<https://psa.gov.ph/poverty-press-releases/data>)

Promoting Innovation and Modernization in the Food Production and Value Chain

PhP5.2 B

Fisheries Infrastructure Development Program

To support the construction, enhancement, and operation of fish ports and other post-harvest facilities nationwide

Of which:

PhP3.1 B	Navotas	PhP141 M	Sual, Pangasinan
PhP456 M	Zamboanga City, Zamboanga del Sur	PhP139 M	Lucena, Quezon
PhP287 M	Iloilo City	PhP72 M	Camaligan, Camarines Sur
PhP243 M	Davao City, Davao del Sur		

PhP2.6 B

Mechanization and Agricultural Facilities

To provide farmers and fisherfolk organizations with machinery, equipment, and facilities to increase their productivity and market efficiency

PhP2.2 B

Research and Development

To fund research endeavors that aim to improve the production of crops, livestock, fisheries, forestry, and mineral resources, among others



Of which:

PhP1.4 B	Philippine Council for Agriculture, Aquatic, and Natural Resources Research and Development
PhP325 M	Philippine Rice Research Institute
PhP261 M	Philippine Center for Postharvest Development and Mechanization
PhP239 M	National Fisheries Research and Development Institute

Launching of eKadiwa

The Department of Agriculture, together with its private sector partners, launched the online marketing platform *eKadiwa* to strengthen the online marketing of agriculture and fishery products and establish direct links from producers and agripreneurs to consumers.



Livelihood Opportunities

Crucial to the nation's recovery from the effects of the COVID-19 pandemic are the gradual and calibrated reopening of the economy, revival of the labor market, and reinforcement of income support systems. Considering these, the government continues to protect the livelihood of Filipinos, including micro, small, and medium enterprises (MSMEs), by allotting **PhP25.3 billion** and **PhP5.7 billion** to the Department of Labor and Employment (DOLE) and Department of Trade and Industry (DTI), respectively.

Revitalizing Local Businesses through Increased Competitiveness

PhP2.4 B

MSME Development Program

To assist 304,887 MSMEs in the manufacturing, retail trade, construction, and services sectors to overcome the obstacles they will face during and after the pandemic

Of which:

- **PhP623 M Shared Service Facilities (SSFs)**
 To establish 340 new SSFs and maintain 2,289 existing SSFs in order to increase the production capacities of MSMEs while improving the quality of their products
- **PhP243 M Livelihood Seeding Program - *Negosyo Serbisyo sa Barangay***
 To provide information on livelihood opportunities and business assistance to 359,200 individuals in 3,592 barangays, and livelihood kits to 8,000 beneficiaries
- **PhP132 M One Town, One Product: Next Generation**
 To provide 7,986 MSMEs with comprehensive assistance including, but not limited to, appropriate technologies, marketing, and product designs and development
- **PhP112 M Rural Agro-Industrial Partnership for Inclusive Development (RAPID) and Growth**
 To help 28,000 farming households meet the challenges of the global market



PhP860 M

Exports and Investments Development Program

To develop, facilitate, and increase domestic and foreign exports and investments by expanding economic opportunities in industries and services

PhP569 M

Industry Development Program

To develop competitive industries, such as manufacturing and agriculture, through the implementation of strategic plans, programs, and policies. This includes funding for the DTI's Go Lokal Project (PhP9 million).



Restoring Livelihood and Improving Employability

PhP20.4 B

Livelihood and Emergency Employment Program

To provide employment and entrepreneurship opportunities to unemployed, displaced, and disadvantaged workers affected by the pandemic

Of which:

- **PhP19.0 B** *Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers (TUPAD) and the Government Internship Program (GIP)*
To provide short-term emergency employment and internship opportunities for more than 2 million target beneficiaries
- **PhP910 M** **Integrated Livelihood Program**
To provide 23,007 target beneficiaries with the necessary support to start, enhance and improve, and re-establish lost or damaged livelihoods
- **PhP492 M** **Adjustment Measures Program**
To assist companies in restructuring policies and workforce adjustment measures for a socially-responsible workforce



PhP806 M

Employment Facilitation Program

To promote services that aim to prepare the Filipino youth for employment through skills training and internship in accredited institutions

Of which:

- **PhP589 M** **Special Program for Employment of Students**
To provide skills training and workplace experience to 74,412 target youth beneficiaries
- **PhP41 M** **Jobstart Philippines**
To provide trainings and internships to 1,000 target youth beneficiaries in order to improve their job matching and help them get employed faster

PhP6.3 B

Emergency Repatriation Program

To aid repatriated Overseas Filipino Workers (OFWs) whose livelihoods were adversely affected by the economic downturns caused by the pandemic

Of which:

- **PhP2.5 B** **DOLE-Abot Kamay ang Pagtulong (AKAP) Program**
To financially assist 150,000 affected onsite OFWs and 100,000 repatriated OFWs
- **PhP53 M** **Reintegration Services for OFWs**
To make livelihood opportunities more accessible to OFWs who were forced to repatriate



Social Protection

The pandemic underscored the urgent need for the government to craft comprehensive social protection systems to safeguard and promote the people's welfare in times of crises. Cognizant of this, the Administration allots **PhP176.9 billion** for the Department of Social Welfare and Development in 2021 to mitigate the effects of the outbreak on Filipinos, especially the poor and vulnerable.

Cushioning the Impacts of the Pandemic

PhP106.8 B

Pantawid Pamilyang Pilipino Program or Conditional Cash (CCT) Transfer Program

To provide cash grants for health and education, as well as rice subsidies, to improve the condition of 4.4 million poor Filipino households. These consist of 4,165,137 regular CCT and 234,863 modified CCT household beneficiaries, including homeless street families and itinerant indigenous peoples.

PhP23.6 B

Protective Services Program

To provide financial, food, medical, and educational assistance to 1,778,073 individuals and families in difficult situations

PhP4.3 B

Sustainable Livelihood Program

To broaden livelihood and employment opportunities for 192,326 household beneficiaries, specifically: 172,561 regular household beneficiaries; 16,340 former rebels and households in conflict-vulnerable areas; 2,000 households registered under the program on the post-disaster response in Marawi City; and 1,425 households registered under the Zero Hunger Convergence Program

PhP2.2 B

Balik Probinsya, Bagong Pag-asa Program

To support workers and families who wish to return to their respective provinces through relocation and livelihood programs

Providing Assistance and Protection for the Vulnerable

PhP23.5 B

Pension for Indigent Senior Citizens

To ensure the well-being of 3,835,066 senior citizens by providing them with PhP500 monthly stipend

PhP3.8 B

Supplementary Feeding Program

To address the malnutrition problem among Filipino children ages 2 to 5 years who are enrolled in community development centers and Supervised Neighborhood Plays, through the implementation of a feeding program

PhP169 M

Social Welfare for Distressed Overseas Filipinos (OFs) and Trafficked Persons

To safeguard OFs from risks such as deportation, trafficking, and violence, through programs that will promote their protection and generate modest employment for them



Education

As the COVID-19 pandemic persists, millions of students in the country continue to bear its impacts on education, including the disruption of classes. To address this learning crisis and adapt to the realities of the health emergency in order to continue providing quality education, the government allocates **PhP751.7 billion** to the Education Sector in 2021.

PhP751.7 B Education Sector, 2021

PhP595.1 B Basic Education

(Department of Education or DepEd)

PhP141.9 B Higher Education

(State Universities and Colleges or SUCs [PhP90.1 B]; and Commission on Higher Education or CHED [PhP51.8 B])

PhP14.7 B* Technical-Vocational Education

*Budget for the Technical Education and Skills Development Authority or TESDA



Sustaining Basic Education

PhP100.7 billion is provided to fund the following programs, activities, and projects under the Basic Education - Learning Continuity Plan in 2021:

Innovative and Blended Learning

- **PhP16.6 B**
Flexible Learning Options
To develop, reproduce, and deliver 588 million learning modules
- **PhP5.9 B**
DepEd Computerization Program
To procure 37,221 multimedia packages for distribution to public schools
- **PhP963 M**
Textbooks and Instructional Materials
To purchase 4.3 million textbooks and instructional materials for printing and delivery

Support to Learners

- **PhP26.8 B**
Government Assistance and Subsidies
To extend financial support to 2.7 million deserving junior and senior high school students who wish to pursue secondary education in private schools
- **PhP11.1 B**
Basic Education Facilities
To construct 5,174 new classrooms and technical-vocational laboratories, and procure 15,505 school seats and tables, among others
- **PhP6.0 B**
School-based Feeding Program
To address short-term hunger and undernutrition by providing hot meals for 1,775,349 severely wasted and wasted learners for a period of 120 days

Ensuring Access to Quality Tertiary Education

The pandemic exposed inequalities in access to tertiary education between the wealthy and the poor. Upholding the principle that all Filipinos have the right to quality education regardless of financial status, the government continues to subsidize higher and technical-vocational education through the sustained implementation of the Universal Access to Quality Tertiary Education (UAQTE) Law.

Higher Education

- **PhP1.7 B**
Student Financial Assistance Programs
To provide scholarship grants for 44,115 students, including dependents of sugar industry workers
- **PhP1.5 B**
Financial Assistance for Postgraduate Students
To cover fees for training and conferences for 100 postgraduate students, scholarships for 100 postgraduate students, and financial assistance for 100 thesis and dissertation grantees
- **PhP1.0 B**
K-to-12 Transition Program
To fund 143 scholarships for graduate studies, 3,000 faculty and staff development grants, and 58 institutional development and innovation grants



PhP47.2 B UAQTE Budget for 2021

Of which:

PhP44.3 B (CHED)
PhP2.9 B (TESDA)



Technical-Vocational Education and Training

- **PhP4.1 B**
Training for Work Scholarship Program
To enable 166,642 target beneficiaries to pursue courses that will capacitate them with knowledge and skills that cater to industries and sectors with high employment demand
- **PhP1.9 B**
Special Training for Employment Program
To conduct community-based specialty trainings for 74,922 scholars and make them more employable
- **PhP1.0 B**
Tulong Trabaho Scholarship Program
To fund training scholarship grants for 19,933 target beneficiaries

Good Governance

Good governance and the rule of law are critical for sustainable economic development. An effective government with a fair justice system promotes efficiency and transparency in service delivery, reduces corruption, and leads to a strong and competitive economy.

Shifting to Digital Government

PhP4.3 B

Philippine ID System

To fast-track the implementation of the national ID system and expand its coverage to more provinces

PhP1.4 B

Digitizing the Tax System

To fund existing ICT programs in the Bureau of Internal Revenue in order to make the payment of taxes more convenient and efficient

PhP85 M

Community-based Monitoring System

To generate updated and disaggregated data needed for strategic targeting of beneficiaries of social protection and welfare programs for poverty reduction

Streamlining Government Services

PhP141 M

Anti-Red Tape Authority

To prevent and control graft and corruption in the government by establishing policies, measures, and practices that promote transparency in every agency

PhP8.6 M

National Effort for the Harmonization of Efficiency Measures of Interrelated Agencies (NEHEMIA Program)

To fund reforms that aim to accelerate the successful pursuit of the government's socioeconomic agenda through the streamlining of processes in the housing, telecommunications, and food and logistics sectors, among others



Promoting Swift, Fair, and Accessible Administration of Justice



Php24.6 B

Department of Justice (DOJ)

Of which:

- **Php6.7 B**
Law Enforcement Services
(DOJ-Office of the Secretary)
- **Php4.6 B**
Free Legal Services to Indigents
and Other Qualified Persons
(Public Attorney's Office)
- **Php2.9 B**
Custody and Safekeeping of
Prisoners (Bureau of Corrections)
- **Php1.6 B**
Crime Detection and Investigation
(National Bureau of Investigation)
- **Php895 M**
Community-based Rehabilitation
and Re-integration of Offenders
(Parole and Probation Administration)
- **Php24 M**
Anti-Cybercrime Enforcement
- **Php5 M**
National Justice Information System

Php45.3 B

The Judiciary

Of which:

- **Php23.9 B**
Operations of the Supreme Court
and the Lower Courts
- **Php1.5 B**
Appellate Adjudication Program
- **Php928.5 M**
Construction, Completion, Repair,
or Rehabilitation of Halls of Justice
- **Php459.7 M**
Sandiganbayan Adjudication
Program
- **Php191.7 M**
Tax Appellate Adjudication
Program
- **Php15 M**
Justice Sector Convergence
Program

Php4.6 B

Office of the Ombudsman

Of which:

- **Php964.4 M**
Anti-Corruption Investigation
Program
- **Php834.2 M**
Anti-Corruption Enforcement
Program
- **Php205.5 M**
Corruption Prevention Program

Note: Figures are inclusive of Retirement and Life Insurance Premiums.

Law, Public Order, and Safety

As the country continues to battle with the COVID-19 pandemic, the government has realigned its priorities in order to urgently respond to the national health emergency without compromising its mission of ensuring a safe, secure, and peaceful life for every Filipino. For 2021, it sets aside **Php317.8 billion** to maintain public order and safety in the country and another **Php206.8 billion** to strengthen domestic security.



Upholding and Enforcing the Law

- Php191.5 B Operations of the Philippine National Police (PNP)**
To intensify the law enforcement efforts of the PNP through its programs and projects against crime
- Php2.6 B Support for the Philippine Anti-Illegal Drugs Strategy**
To support the rehabilitation of drug users in the country while reducing the incidence of drug use
Of which:
- Php1.3 B Operations of Dangerous Drug Abuse Treatment and Rehabilitation Centers**



Maintaining Public Order and Safety

- Php25.5 B Bureau of Fire Protection**
To support fire prevention and suppression programs and projects, including the creation of additional Fire Officer I positions to ensure manpower reliability
- Php19.6 B Bureau of Jail Management and Penology**
To fund the operations of all district, city, and municipal jails for the safekeeping and rehabilitation of inmates
- Php3.7 B Bureau of Corrections**
To support core programs on management and reformation of persons deprived of liberty



Upholding Domestic Security

- Php205.8 B Department of National Defense (DND)**
To safeguard the nation and its people against acts of terrorism, extremism, and other threats to the sovereignty
Of which:
- Php27.0 B Revised Armed Forces of the Philippines Modernization Program**



Attaining Inclusive and Sustainable Peace

PhP80.3 B **Bangsamoro Autonomous Region in Muslim Mindanao (BARMM)**

To support the regional government of BARMM in its development endeavors

Of which:

PhP71.7 B Annual Block Grant allotment for the BARMM

PhP5.0 B Special Development Fund for the rebuilding, rehabilitation, and development of conflict-affected communities in the Region

PhP3.6 B Share in taxes, fees, and charges collected in the BARMM

PhP19.2 B **National Task Force to End Local Communist Armed Conflict (NTF-ELCAC)**

To fund initiatives to assist in the rehabilitation of conflict-affected communities

Of which:

PhP16.4 B To support the *Barangay* Development Program for 822 cleared *barangays* certified by the NTF-ELCAC

Pursuing Technology-Enabled Public Order and Defense

PhP269 M To develop, establish, and ensure interoperability among ICT-related projects, programs, and resources across government agencies and services, including, but not limited to, the following:

Of which:

PhP118 M Defense System of Management (DND)

PhP111 M Secured, Mobile, AI-driven, Real-time, Technology Policing Program (PNP)

PhP16 M Anti-Illegal Drugs Information System (DILG)

PhP10 M Crime Laboratory Information Management Portal (DILG)

PhP9 M Naval Operation Reporting System (PA)

PhP5 M Philippine Air Force Communications System

PhP0.7 M e-Police Community Relations Management Information System (PNP)

Note: Figures may not add up due to rounding off.

Environment and Disaster Risk Resiliency

In response to urgent environmental challenges that may increase the risks and impacts of the COVID-19 pandemic, the government is keen on implementing effective and sustainable strategies to keep the environment and communities clean, healthy, and resilient.

Creating a Healthier Environment

For 2021, **PhP24.6 billion** is allotted to the Department of Environment and Natural Resources (DENR) to continue investing in programs, activities, and projects (PAPs) that seek to promote and protect environmental integrity and biodiversity.



PhP3.2 B

National Greening Program

To establish nurseries, conduct forest research and mangrove reforestation activities, and plant 69.4 million seedlings of native species in 94,438 hectares of forests, particularly those in protected areas, to replace non-native, invasive species

PhP576 M

Solid Waste Management

To ensure a clean and healthy environment through the assessment of 321 dumpsites

PhP1.7 B

Manila Bay Rehabilitation

To clean and improve the water quality of esteros and waterways connected to the Manila Bay, and implement a stricter solid waste management system, among others

PhP248 M

Coastal and Marine Ecosystems Management

To sustainably manage coastal and marine areas, such as coral reefs, sea grass beds, mangrove stands, soft bottom areas (mudflats), and plankton communities; and mitigate threats that may lead to their degradation

PhP726 M

Protected Areas Development and Management

To improve the resiliency of the country's ecosystems by protecting natural habitats and restoring/rehabilitating degraded areas

PhP226 M

Clean Water Regulations

To ensure better quality of water in priority rivers and critical water bodies by monitoring and designating water quality management areas

PhP178 M

Clean Air Regulations

To improve the country's air quality by operating, maintaining, and calibrating 101 air quality monitoring stations



Wildlife Protection and Conservation

PhP83 M

To protect and conserve wildlife by establishing and managing critical habitats and conserving threatened wildlife species, such as, but not limited to, marine turtle, *dugong*, tamaraw, Philippine eagle, and Visayan spotted deer

Strengthening Disaster Preparedness in the Midst of a Pandemic

To prepare for possible disasters amid the health crisis, the government continues to strengthen existing systems, policies, and practices on disaster response and preparedness.

Flood Management Program

PhP101.8 B

To protect flood-prone areas across the country by constructing 1,541 flood control facilities, such as dikes, river walls, and pumping stations, among others

National Disaster Risk Reduction and Management Fund

PhP20.0 B

To support PAPs for disaster prevention, mitigation, and preparedness. This amount includes the PhP5.0 billion allocation for the recovery, rehabilitation, and reconstruction of Marawi City.

Renewable Energy Program

PhP51 M

To develop technologies that utilize the country's renewable energy resources in order to address the detrimental impacts of climate change on energy security

Quick Response Fund

PhP6.4 B

To serve as standby funds of various national government agencies to provide immediate assistance to areas stricken by catastrophes, crises, calamities, epidemics, or complex emergencies

Department of Education	PhP2.0 B
Department of Social Welfare and Development	PhP1.3 B
Department of Agriculture	PhP1.0 B
Department of Public Works and Highways	PhP1.0 B
Department of Health	PhP520 M
Office of Civil Defense	PhP500 M
Bureau of Fire Protection	PhP50 M
Philippine National Police	PhP50 M

Decent Housing

Because decent housing safeguards the people's health and contributes to economic growth, **PhP5.0 billion** is set aside for housing and community development in 2021. With this budget, the Administration seeks to address the shelter needs of the urban poor and the homeless, who are more at risk of being exposed to the coronavirus and other diseases.



2021 Allocations for Key Housing Agencies

Agency	Amount
National Housing Authority	PhP3.5 B
Department of Human Settlements and Urban Development	PhP683 M
National Home Mortgage Finance Corporation	PhP500 M
Social Housing Finance Corporation	PhP369 M

Providing Secure and Affordable Shelters for All

The government continues to expand opportunities for marginalized groups, such as informal settler families (ISFs), to own safe and affordable homes.

PhP1.0 B

Resettlement Program for ISFs along Manila Bay

To fund the resettlement of 6,070 ISFs affected by the clean-up of the Manila Bay area

PhP500 M

Socialized Housing Loan Take-out of Receivables (SHELTER) Program

To assist 1,111 low-income families and purchase socialized housing loan receivables

PhP1.0 B

Housing Assistance Program for Calamity Victims

To relocate marginal-income families and/or ISFs affected by calamities

PhP369 M

High Density Housing Program

To provide safe and flood-resilient housing solutions for 1,958 ISFs living in danger areas and along the waterways in Metro Manila

PhP700 M

Resettlement Project for ISFs Affected by Volcanic Eruptions

To relocate families in Batangas and Albay affected by the Taal and Mayon Volcano eruptions

PhP50 M

Capacitating LGUs on Resettlement Governance

To foster partnership and adherence to the principles of good governance among the national government, LGUs, and resettled families/resettlement communities



Ensuring Adequate Access to Water and Energy

Ready access to basic utilities like water and electricity is especially crucial during the pandemic. Allocations in the 2021 Budget ensure that every household has access to these essential services.

Power and Energy

PhP1.6 B

Sitio Electrification Project

To energize 1,085 *sitios* through the extension of distribution lines

PhP1.0 B

Missionary Electrification Program

To provide additional generating capacity in off-grid areas for various Diesel Power Plants and small power utility groups

PhP500 M

Total Electrification Program

To energize 10,000 targeted households nationwide

Clean Water

Water Supply and Sanitation Program

PhP1.0 B

To provide households in operational water districts with direct access to level III potable water supply and sanitation, among others

PhP128 M

National Water Resources Board

To manage and regulate the country's water resources





Financing the National Budget

In preparing the National Budget, certain economic conditions should be taken into consideration. This section explains, among others, how these economic conditions affect the Budget and, likewise, how government spending and taxes affect the economy.

The 2021 Budget and the Economy

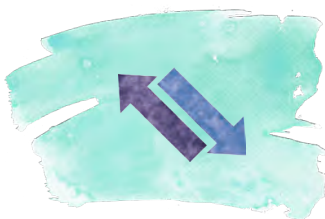
Despite the heavy toll exacted by the COVID-19 pandemic, the government remains optimistic that the country's economic performance will gradually improve in the coming years, as it takes into consideration key indicators that measure the overall health of the economy.

Fiscal Sensitivity to Key Macroeconomic Indicators, 2021



GDP Growth

For every 1 percentage point increase in the GDP, the domestic revenue collection is expected to increase by PhP14.7 billion.



Inflation

For every 1 percentage point increase in the price of goods and services, the government is expected to receive PhP11.2 billion revenues.



Imports

A 1 percentage point increase in merchandise imports is expected to yield PhP6.7 billion revenues in 2021.



Foreign Exchange Rate (FOREX)

For every 1 peso depreciation, revenue collection is expected to increase by PhP9.5 billion. At the same time, expenditures are expected to increase by PhP2.6 billion to cover foreign debt and interest payment. Overall, this increases the budget balance by PhP6.9 billion.



Interest Rates

For every 1 percentage point increase in the Treasury Bill Rate, PhP0.7 billion additional revenues is expected to be collected, while PhP3.4 billion is expected to be disbursed, resulting in an increase in the country's debt burden by about PhP2.7 billion.

Sources: Department of Finance and Bureau of the Treasury

Macroeconomic Assumptions, 2019-2022



Parameters	2019 (Actual)	2020 (Adjusted)	Projections ^{1/}	
			2021	2022
Real GDP Growth (%)	6.0	(9.5) - (8.5)	6.5 - 7.5	8.0 - 10.0
Inflation Forecast	2.5	2.4-2.6	2.0-4.0	2.0-4.0
FOREX (PhP/USD)	51.80	48-50	48-53	48-53
Dubai Oil (USD/barrel)	63.53	40-42	35-50	35-50
Exports Growth ^{2/}	2.7	(16.0)	5.0	5.0
Imports Growth ^{2/}	(3.0)	(20.0)	8.0	8.0

^{1/}Assumptions and targets adopted by the Development Budget Coordination Committee (DBCC) on December 3, 2020

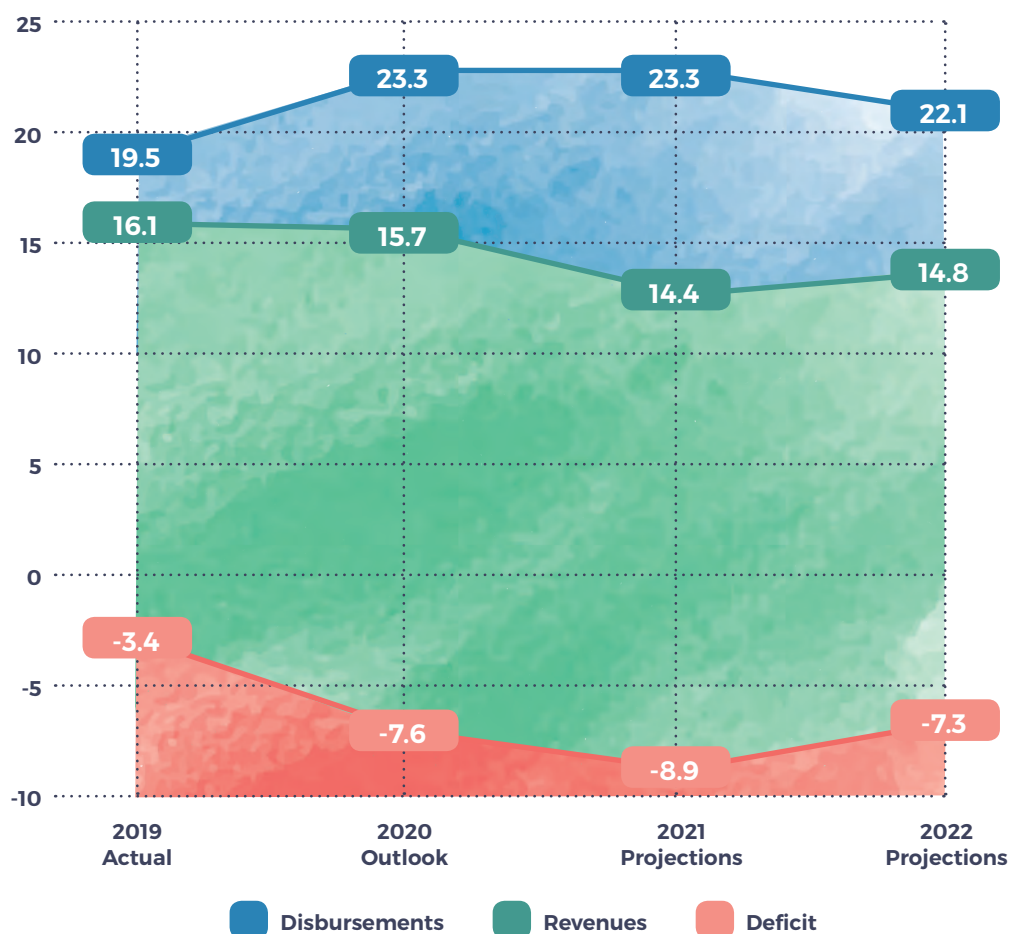
^{2/}Goods imports and exports growth per BSP's Balance of Payments projections based on the IMF's Balance of Payments Manual 6 concept (BPM6)

Fiscal Program^{1/}

With the COVID-19 pandemic impacting the country's public finances, the government has had to re-evaluate its priorities and refocus the limited fiscal resources on addressing the challenges wrought by the crisis, especially on the health and economic fronts.

Fiscal Program, 2019-2022

(As a Percentage of GDP)



Despite the pandemic, there is a positive outlook with regard to the revenue collections for 2021, due to the above-target performance of the Bureau of Internal Revenue and Bureau of Customs in the second half of 2020. Meanwhile, the deficit is expected to increase in order to compensate for the accelerated spending on COVID-19 response programs and infrastructure projects.

^{1/}Consistent with the medium-term macroeconomic assumptions and fiscal program approved during the 178th DBCC meeting on December 3, 2020



Projections for FY 2021



Disbursements

The government allots PhP4,662.3 billion, or 23.3% of GDP, to fund the programs and projects for 2021.

Revenues

Revenue collections are projected to reach PhP2,881.5 billion or equivalent to 14.4% of GDP.

Deficit

The deficit program is anticipated to increase to PhP1,780.8 billion, or 8.9% of GDP, in order to sustain the balance in supporting the economic recovery and maintaining the debt-to-GDP ratio at a sustainable level.

Managing the Fiscal Risks Posed by COVID-19

As revenues drop and spending on COVID-19 response and mitigating measures speeds up, the budget deficit is expected to more than double compared to the 2019 actual deficit of PhP660.2 billion, in order to provide the government with ample fiscal space to address the pandemic. This higher deficit will translate to higher borrowings, and consequently an increase in the country's debt level.

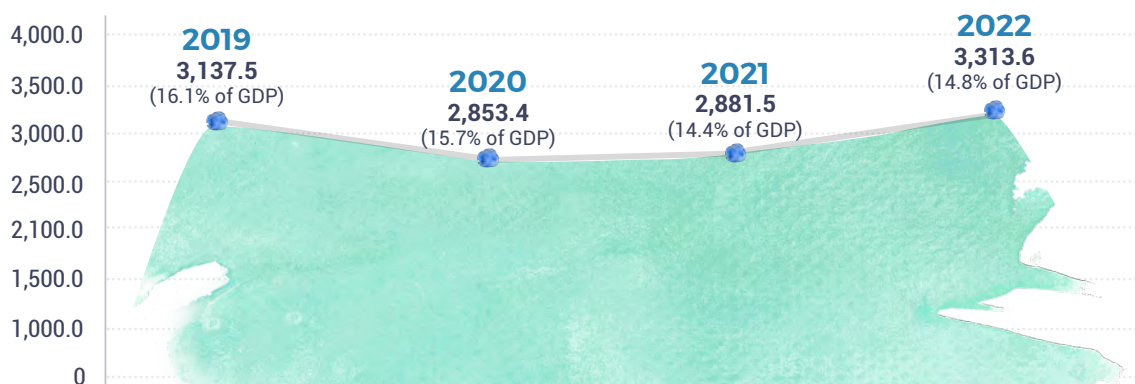
Aware of the fiscal risks posed by the health crisis, the government is committed to maintain prudence in managing public finances in order to keep the deficit manageable and sustainable. It will also sustain the fiscal reforms initiated in previous years, as well as offer more competitive tax measures, to help accelerate the economic recovery.



Revenues^{1/}

The **PhP2.881 trillion** projected revenues in 2021, 1.0% higher than the 2020 outlook of PhP2.853 trillion, will support the government's increased spending for key programs and projects, as well as the mitigation measures against the COVID-19 pandemic.

Revenue Projections, 2019-2022 (in billion Pesos)



Note: 2019 - actual; 2020 - outlook; 2021 and 2022 - projections

Breakdown by Revenue Sources



Tax Revenues

PhP2,714.7 B

Generated from, among others, the net income and profits, domestic goods and services, and international trade and transactions collected by the Bureau of Internal Revenue and Bureau of Customs



Non-Tax Revenues

PhP166.2 B

Collected from the income from Treasury Operations, income of the National Government from Government-Owned and/or -Controlled Corporations, fees and charges, and other non-tax revenues, such as the *Malampaya* Royalties



Privatization

PhP0.5 B

Sourced from the sale and lease of government-owned assets and corporations, among others

^{1/}Consistent with the medium-term macroeconomic assumptions and fiscal program approved during the 178th DBCC meeting on December 3, 2020

Comprehensive Tax Reform Program

To clear the path to economic recovery, the government will continue to implement fiscal reforms that will benefit the country in the long-term. One such reform is the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill.



What is CREATE?

CREATE is Package 2 of the Administration's Comprehensive Tax Reform Program (CTRP). It aims to lower the corporate income tax and cushion the pandemic's impact on businesses by:

- Cutting down corporate income tax rates from the current 30% to 25% by 2022, and further down to 20% by 2027
- Allowing the government to grant incentives that are performance-based, strategically targeted, time-bound, and transparent
- Extending the sunset period for businesses currently enjoying incentives

Source: Department of Finance

While CREATE would cause the government to lose revenues, these foregone proceeds can be used by business owners to revitalize their firms, resulting in the creation of more jobs.

Estimated Revenues Generated from CTRP, 2020-2022*

Particulars	2020 (Emerging)	2021 (BESF)	2022 (Program)
Package 1A	PhP96.9 B	PhP142.0 B	PhP175.2 B
Package 2+	PhP28.8 B	PhP36.1 B	PhP45.4 B
Package 2 (CREATE Bill)*	PhP0	(PhP133.2 B)	(PhP117.6 B)
Total Revenues	PhP125.8 B	PhP44.9 B	PhP103.0 B

Note: Figures may not add up due to rounding off.

* Consistent with the medium-term macroeconomic assumptions and fiscal program approved during the 178th DBCC meeting on December 3, 2020

Borrowings

For 2021, the Administration follows a borrowing mix of 85:15, favoring domestic sources over foreign sources. The total borrowings of **PhP3,025.2 billion** will augment the government's revenue collections for the year.

PhP2,582.8 B Domestic Borrowings

PhP1,532.8 B
Fixed Rate Treasury Bonds

PhP1,000.0 B
Others^{1/}

PhP50.0 B
Treasury Bills

PhP442.4 B Foreign Borrowings

PhP286.0 B
Bonds and Other Inflows

PhP94.9 B
Program Loans

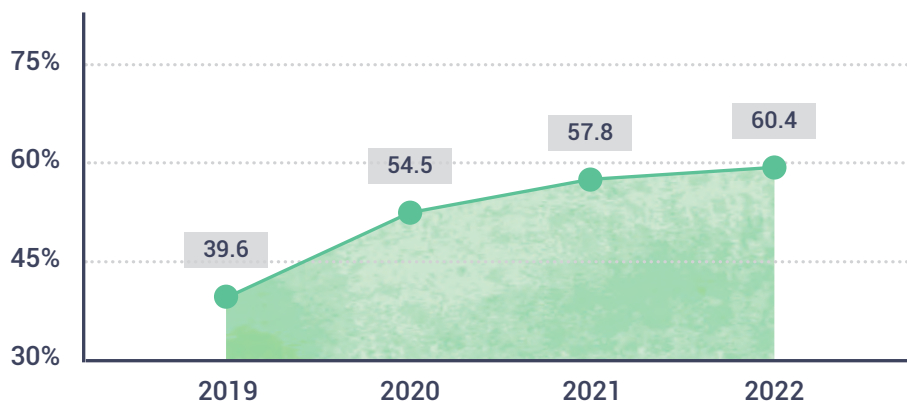
PhP61.4 B
Project Loans

PhP3,025.2 B
Total Borrowings
(FY 2021)

Note: Figures may not add up due to rounding off.

National Government's Debt Level^{2/} (As a Percentage of GDP)

Government debt is expected to reach 57.8% of GDP in 2021, still within sustainable levels, as the Administration ramps up spending for key programs and projects that mitigate the adverse effects of the COVID-19 pandemic and revive the economy.



Note: Chart baseline is at 30%.

^{1/}Short-term borrowings from BSP including net proceeds from short-term repo facility and advances

^{2/}Consistent with the medium-term macroeconomic assumptions and fiscal program approved by the DBCC on December 3, 2020

Basics of Budgeting

To provide a more transparent presentation of the 2021 National Budget, this section defines technical budgeting terms and briefly discusses the budget cycle and off-budget accounts.





1.1
Issuance of
Budget Call
(December of PY)

1.2
Citizen Engagement/
Regional Development
Council (RDC)
Consultations
(January – February of CuY)

1.3
Conduct of budget
hearings and review of
Tier I for BY
(February of CuY)

4.4
Conduct of audit
(Within the
following year)

4.3
Publication of Mid-Year
Report for CuY and
Year-End Report for PY
(August-September)

4.2
Posting of Disbursement
Assessment Reports
(Every month of the CuY)

4.1
Submission of quarterly
Budget and Financial
Accountability Reports
(Every quarter of the CuY)

3.7
Release of NCAs for
the 2nd semester
(July of CuY)

3.6
Release of Notices of
Cash Allocation (NCAs)
for the 1st semester
(January of CuY)

3.5
Submission of
adjusted BEDs
based on GAA
(January of CuY)

3.4
Awarding of
contracts
(January of CuY)

The Budget Cycle

Government budgeting involves four distinct phases that make up the Budget Cycle: preparation, legislation, execution, and accountability. While the Executive Branch implements the budget for the existing year, it also plans and prepares the budget for the succeeding year and ensures that goals are met by monitoring, evaluating, and reporting actual performance year-round. Shown here is the ideal schedule of activities that government agencies follow during the cycle.



BY: Budget Year (Current year + 1 year)

PY: Prior Year (Current year – 1 year)

CuY: Current Year

Source: Joint Circular No. 2017-1 issued on June 30, 2017
(Department of Budget and Management, Department of Finance,
and the National Economic and Development Authority)

1.4
Program
convergence
(April of CuY)

1.5
Submission of
Tier II budget
proposals for BY
(April-May of CuY)

1.6
Conduct of budget
hearings and review
of Tier II for BY
(May-June of CuY)

1.7
Consolidation,
validation, and
confirmation
(June of CuY)

1.8
Approval of the
proposed National
Budget for BY by the
Cabinet (July of CuY)

1.9
Submission of the
proposed National
Budget to the Congress
(July/August of CuY)

2.1
Budget deliberations
in the House of
Representatives and
Senate (August-
November of CuY)

2.2
House and Senate
ratifications on the
General Appropriations
Bill (August-November
of CuY)

2.3
Enactment of the
General Appropriations
Act (GAA)
(December of CuY)



3.3
Submission of Budget
Execution Documents
(BEDs) based on the
National Expenditure
Program (NEP)
(December of PY)

3.2
Submission of Monthly
Disbursement Program
(October of PY)

3.1
Early procurement
activities
(August of PY)

Glossary

01

Allotment. Authorization issued by the Department of Budget and Management (DBM) to an agency, allowing the latter to commit/incur obligations and/or pay out funds within a specified period of time and within the amount specified through the:

1. General Appropriations Act as the Allotment Order (GAAAO), for specific appropriation items deemed released upon effectivity of the GAA;
2. General Allotment Release Order (GARO) for the full year requirement for the automatically appropriated Retirement and Life Insurance Premium (RLIP) contributions; and
3. Special Allotment Release Order (SARO) for budget items requiring compliance with certain conditionalities.

02

Allotment Class.

Classification of expenditures under the following categories:

1. Personnel Services (PS)
2. Maintenance and Other Operating Expenses (MOOE)
3. Financial Expenses (FinEx)
4. Capital Outlays (CO)

03

Appropriation. An authorization pursuant to law or other legislative enactment directing the spending of public funds for specified purposes, up to a specified amount under specified conditions.

04

Budget. The budget is the government's financial plan for a year. It is a table/schedule of expenditures, based on either obligations or cash concepts and the corresponding sources of financing, either from revenues, borrowings, or cash drawdown. Ultimately, it is a tool that enables the government to achieve its development agenda.

05

Budget Deficit. A situation where government spending exceeds revenues.

06

Cash Budgeting System.

This system of budgeting limits incurring obligations and disbursing payments for goods delivered and services rendered, inspected, and accepted within the current fiscal year. Payments for contractual obligations may be settled until the end of the Extended Payment Period or within three (3) months after the end of the preceding fiscal year.

07

Debt Service. The sum of debt amortization and interest payments, including commitment fees and other charges on foreign and domestic borrowings.

08

Disbursement. A settlement/liquidation/payment of government obligations incurred in the current or prior years, involving cash or non-cash transactions and covered by disbursement authorities.

09

Expenditure Program.

The ceiling on the obligations that may be incurred by the government within a given budget year. The said ceiling is supported by estimated financial resources.

10

Fiscal Policy. The part of government policy which is concerned with the raising of resources through taxation and borrowings and deciding on the level and pattern of expenditures.

11

Gross Domestic Product (GDP).

This measures the total output within the geographic boundaries of the country, regardless of the nationality of the entities producing the output.

12

Inflation. The persistent rise in the general price level of goods and services.

Sources:

2021 Budget of Expenditures and Sources of Financing; Bangko Sentral ng Pilipinas



Off-Budget Accounts

Government agencies are authorized by certain laws to collect from their operations and utilize these collections to cover particular expenditures. These receipts and expenditures are known as Off-Budget Accounts. While these are not part of the GAA, they are still subject to audit and inspection by the Commission on Audit to ensure transparency.

Off-Budget Accounts, FY 2021

For 2021, the off-budget revenues of government agencies are expected to reach PhP106.4 billion to finance or augment funds for specific expenditures amounting to PhP104.5 billion.

Revenues:

PhP106.4 B



Expenditures:

PhP104.5 B



Major Off-Budget Accounts, FY 2021

Particulars	Revenues	Expenditures	Purposes
State Universities and Colleges	PhP27.7 B	PhP27.4 B	For the payment of authorized benefits to teachers and some operating expenses, among others
Department of Health	PhP27.2 B	PhP26.9 B	For the purchase of drugs and medicine supplies, operating expenses, and some capital investments
Department of Public Works and Highways	PhP10.0 B	PhP3.5 B	For infrastructure projects/payment of progress billings, and taxes withheld from creditors, among others
The Judiciary	PhP9.9 B	PhP18.8 B	For the allowances of justices and judges, expenses for equipment and facilities of courts, and training expenses
Department of Labor and Employment	PhP4.9 B	PhP4.2 B	For the payment of appeal bonds, monetary judgment awards, socioeconomic projects, workers' benefits, among others
Department of Transportation	PhP4.0 B	PhP4.1 B	For honoraria and rental fees, among others
Department of Finance	PhP3.5 B	PhP3.7 B	For relending to LGUs, some operating expenses, among others
Department of Justice	PhP3.4 B	PhP2.7 B	For the augmentation of salaries, Bureau of Corrections' livelihood and rehabilitation projects, among others
Department of National Defense	PhP2.1 B	PhP2.0 B	For the upgrading and procurement of hospital equipment and facilities, implementation of projects, payment of combat incentive pay, among others
National Economic and Development Authority	PhP2.0 B	PhP0.3 B	For transaction advisory services, research projects, and training expenses, among others

Ask Your Government

As the impacts and challenges of the pandemic are expected to continue, the government remains committed to maintain transparency and keep the public well-informed on spending for programs and projects addressing COVID-19 issues. We invite you to get involved in monitoring their implementation. Send an email or pick up the phone to get to know more.



Selected Public Assistance Desks/External Relations Offices in the Executive Branch



Office of the President
Presidential Complaint Center
8736-8645; 8736-8603
pcc@malacanang.gov.ph



Department of Public Works and Highways
Stakeholders Relations Service
5304-3202; 5304-3280



Office of the Vice President
Public Assistance Division
8370-1716 to 19 loc. 113
pad@ovp.gov.ph



Department of Science and Technology
Public Assistance and Complaints Desk
8837-2071 loc. 2036, 2053; 8838-9080
dost-co_personnel_division@dost.gov.ph



Department of Agriculture
Public Assistance and Complaints Desk
8928-8741 to 64 loc. 2136



Department of Tourism
Tourism Information Center
8459-5200 to 30 loc. 101, 102
mmramos@tourism.gov.ph



Department of Education
DepEd Action Center
8636-1663; 8633-1942
action@deped.gov.ph



Department of Trade and Industry
DTI Direct/Customer Contact Center
1-DTI (1-384); (0917) 834-3330
ASK@dti.gov.ph



Department of Environment and Natural Resources
Strategic Communications and Initiatives Service
8249-3367 loc. 1054, 1055; 8928-2910



Department of Transportation
Communications and Commuter Affairs
8790-8300; 8790-8400 loc. 305, 362, 723
comms@dotr.gov.ph



Department of Foreign Affairs
Office of the Undersecretary for Migrant Workers
8834-4996; 8834-4449; 8832-1672; 8551-0847 F
oumwa@dfa.gov.ph



Civil Service Commission
Public Assistance and Information Office
8931-7993; 8932-0381; 8932-0179 F
paio@csc.gov.ph



Department of Health
Malasakit Program Office
8651-7800 loc. 1806



Commission on Audit
Public Information Office
8951-0934; 8951-6955
jbbeltran@coa.gov.ph; press@coa.gov.ph



Department of the Interior and Local Government
Public Assistance and Complaint Center
8876-3454 loc. 5705; 8925-0343; 8925-1135



Commission on Human Rights
Citizens' Help and Action Division
8924-8704



Department of Justice
DOJ Action Center (DOJAC)
8526-3365; 8521-2930 TF
dojac@doj.gov.ph



Department of Labor and Employment
Information and Publication Service
DOLE Hotline: 1349

For more information, news, and updates on the government's COVID-19 response, please visit the official COVID-19 Dashboard at <https://covid19.gov.ph>.



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least useful? Or how do you intend to use this publication?

After filling out this form, you may submit it through:

- Mail to the **Budget Information and Training Service, Department of Budget and Management, General Solano St., San Miguel, Manila 1005.**
- Scan or take a clear photo and email to **publications_division@dbm.gov.ph.**

Thank you and God bless!

2021 People's Enacted Budget

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March 2021

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