



TECHNICAL NOTES ON THE

2022

PROPOSED NATIONAL BUDGET

Sustaining the Legacy of Real Change for the Future Generations



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I. INTRODUCTION

"The story of the Filipino people – the narrative of our history as a nation – has always conveyed a message of hope. Such hope thrives in resilience, creativity, fortitude and industry.

These past five years of my Administration, and I can assure you even through this last year, have been a testament to the hope that is always alive in every Filipino.

We hope for a better life, a better future, and a better world for ourselves and for our children. We hope, at the end of each grueling experience or difficult day, for the worst to be over. We hope for an end to the COVID-19 pandemic, that we survive it and triumph over its impact. We hope to always be able to rise from every fall or failure, and to recover from every setback.

We have not completely lost the gains from our efforts of reform towards transformation over these past five years. Real change began in us and with us. With... our 2022 Proposed National Budget, we will be able to pass on the values and fruits of real change as legacy to ensure a free and healthy, comfortable and secure life for all."

*– President Rodrigo Roa Duterte
President's Budget Message, 23 August 2021*

It was only right that in his final State of the Nation Address (SONA), delivered only a month before he submitted the 2022 Proposed National Budget for the approval of the House of Representatives, President Rodrigo Roa Duterte would hearken back to the dawn of his presidency in 2016.

Every SONA is, after all, the report of an elected leader to his constituents, a presentation of his record of performance in service, defined by tangible and measurable achievements within the time given him to lead and serve.

A. Reachable Dreams and Doable Promises

The final SONA though is the valedictory of a Chief Executive. It is his moment of truth, when the reality experienced by his people is weighed against his words and promises. It is when the fruits of his administration are counted against its objectives and efforts.

Well aware of that, President Duterte set the tone for this himself, expressing at the outset the simplicity of his "dreams and visions" – a better life for all Filipinos – and yet acknowledging the complex difficulties that would have to be overcome to see them through.

They were reachable, he explained, but only "through the institution of reforms and radical changes in both the structure of government and the mode of governance – changes designed (to yield) responsibility (and) accountability." And the promises made at the start of his presidency, countable on the fingers of only one hand, he noted, were "doable".

- *Free education*
- *Universal health care*
- *The fight against illegal drugs, criminality and corruption*
- *Infrastructure development*

Indeed they seemed grand. But as the Duterte Administration buckled down to work in the ensuing months, these aspirations were incorporated into the principles of its socioeconomic agenda and would become the continuing priorities of government. These would be the pillars upon which the Administration would set the foundation for real change. This change would effect genuine transformation that would lead to sustainable growth, lasting peace and inclusive prosperity. Not only for the here and now, as the President had never tired of saying, but for future generations of Filipinos and Filipino families.

B. The Challenge of an Unseen Enemy

The pillars and priorities of its socioeconomic agenda, while they may have shifted in weight and urgency amongst each other, were constant through the years of the Duterte Administration. Together, they cleared the path towards the collective vision: a comfortable life for all Filipinos anchored on a people-centered approach to development and governance.

In the President's own words, he had sought to "implement a human approach to development and governance, in our people's welfare in the areas of health, free education, adequate food and housing, environmental preservation, and respect for the culture."

The Administration's success was the nation's gain. For as global ratings and analyses will bear out, with an inspired bureaucracy, a robust economy, and strong investor confidence, the stage was set for the Philippines to take its place among the world's fastest growing economies.

The path towards attaining an upper middle income country status by 2022 then seemed attainable until the outbreak of the COVID-19 pandemic, which derailed the country's growth prospects. The impact of the global health crisis prompted the Philippines, along with most other countries, to shift government priorities from regular programs to pandemic response measures.

The Duterte Administration endeavored to mount a massive multi-pronged response to the threats and challenges of the pandemic, adopting a whole-of-government approach to address the virus' impacts and its anticipated consequences. Through the months of 2020 and 2021, the spotlight was on the urgency of protecting the lives, health, and livelihood of Filipinos, and the stability of the Philippine economy from the ravages of the pandemic.

C. Continuing the Battle against the Pandemic

Two years into the pandemic, the government continues to grapple with the national emergency that had threatened to erode the gains of the past five years. Fortunately, the Administration's prudent fiscal stance will enable the government to move forward into the next stage of the battle by sustaining its efficient and effective response to the continuing and developing challenges of COVID-19, including the recovery of the Filipino people's health and well-being, and the revival of the economy, bringing them back to pre-crisis levels and better.

These are the realities that the Proposed National Budget for Fiscal Year 2022 squarely addresses. It shall support policies and structural reforms that will assist households and businesses to complement the safe and gradual reopening of the economy, while also ensuring that the country's long-term socioeconomic goals remain achievable.

Two years into the pandemic, and as the 2022 Proposed National Budget has been designed to equip the nation for the months ahead, hope is among the realities of the Filipino people. The National Budget is the people's assurance that the government will stand by its commitment and responsibility to get the country and economy back on track and move forward to the goals and the life aspired for.



D. Philosophy and Priorities of the 2022 Proposed National Budget

The 2022 Proposed National Budget takes the focus and priority of government from the pandemic, and shifts it back to the present – and the future. The focus is on sustaining the legacy of change, whose fruits the people had already begun to experience, and ensuring that these can and will be passed on to future generations.

The PhP5.024 trillion 2022 Proposed National Budget will continue to support the efforts to address the socioeconomic headwinds brought about by the health crisis, even as it seeks to fast-track the national and the people's recovery. Crafted for the successful transition to a post-COVID and more comfortable life, the National Budget is guided by three (3) objectives: Building Resilience amidst the Pandemic; Sustaining the Momentum towards Recovery; and Continuing the Legacy of Infrastructure Development.

Building Resilience amidst the Pandemic. The lessons from the COVID-19 experience point to the need to build resilience against future shocks from health and economic crises. Thus, health will be mainstreamed in every aspect of budgetary priorities for next year. Social protection will likewise remain as a priority, with a focus on strengthening safety nets and supporting job and income security.

Sustaining the Momentum towards Recovery. The Proposed National Budget will “resume the narrative of growth and development”, as President Duterte well described the Philippine story, which was temporarily disrupted by the pandemic. In this next chapter, the country should be equipped for the responsibility not only of picking up the gains left from the past endeavors, but of rebuilding better and faster, recharging the present and preserving it for the future. In this task, there will be a significant role to be played by the local government units (LGUs) as partners of the National Government in the implementation of development programs across the country. The implementation, starting next year, of the Supreme Court Ruling on the Mandanas-Garcia cases, will empower LGUs to undertake full ownership and performance of crucial basic services that have been and will be devolved to them, based on the Local Government Code of 1991 and other pertinent laws.

Continuing the Legacy of Infrastructure Development. The Proposed National Budget also aims to resume the objective of ramping up economic growth through continued investments in public infrastructure. This would be a tangible testament to the success of the Administration's COVID-19 response, in that we have overcome the challenges and continue to prepare for the benefits from the *Build, Build, Build* Program, and the promised Golden Age of Infrastructure.

The 2022 Proposed National Budget may be the final financial program crafted by the Duterte Administration for the Filipino people. But more than a valedictory – an account of promises made and fulfilled – it will be the reason and basis for hope kept alive through the pandemic.



II. FINANCING THE NATIONAL EXPENDITURE PROGRAM

A. MACROECONOMIC ENVIRONMENT

While most developed countries have regained their foothold on a steady economic momentum, several least developed and developing countries are still striving to recover while others are just beginning to show signs of possible resurgence.

Overview of the Global Economic Situation

The updated World Economic Outlook (WEO) Report of the International Monetary Fund (IMF), released in July 2021, projects a 6.0 percent growth in the global economy in 2021 and 4.9 percent in 2022, way over the -3.2 percent projection in 2020. The speed of recovery may vary among countries, however, as access to vaccines, rollout of the vaccination programs, and policy and fiscal support for COVID responses differ.

Meanwhile, the World Bank, in its June 2021 Global Economic Prospects, sees a 5.6 percent expansion in the global economy this year. This is higher than its 4.2 percent projection in 2021, as it noted in a similar report in June 2020.

Growth Outlook in Advanced Economies. From a negative 4.6 percent projection in 2020, growth outlook for advanced economies is expected to improve to 5.6 percent in 2021, and further to 4.4 percent in 2022 based on the WEO Projections. In particular, significant growth is anticipated for the United States in 2021 at 7.0 percent, from -3.5 percent in 2020, given its massive vaccine rollout and substantial investments in infrastructure and social protection. The United Kingdom is also expected to grow by 7.0 percent in 2021 from -9.8 percent in 2020, while Japan will also move into the positive territory at 2.8 percent this year, from -4.7 percent last year as it fully reopens its economy and sustains its vaccination drive.

Growth Outlook in Emerging Market and Developing Economies. The forecast for emerging market and developing economies sees growth to 6.3 percent in 2021 and 5.2 percent in 2022, from -2.1 percent in 2020. In this group, Emerging and Developing Asia, is expected to grow the highest at 7.5 percent in 2021, with China growing at 8.1 percent; India, 9.5 percent; and ASEAN-5 (Indonesia, Malaysia, Philippines, Thailand, Vietnam), 4.3 percent. Meanwhile, Emerging and Developing Europe and Latin America and the Caribbean are expected to register growth at 4.9 percent and 5.8 percent, respectively in 2021.

The Low Income and Developing Countries group is also forecasted to grow modestly to 3.9 percent in 2021 and 5.5 percent in 2022, from 0.2 percent in 2020. To continue the battle and overcome the pandemic, this group would need to boost its spending to address the crisis and improve its vaccine rollout.¹

Table 1. World Economic Outlook Projections

Particulars	Year over Year			
	2019	2020	Projections	
			2021	2022
World Output	2.8	-3.2	6.0	4.9
Advanced Economies	1.6	-4.6	5.6	4.4
United States	2.2	-3.5	7.0	4.9
Euro Area	1.3	-6.5	4.6	4.3
Germany	0.6	-4.8	3.6	4.1
France	1.8	-8.0	5.8	4.2
Italy	0.3	-8.9	4.9	4.2
Spain	2.0	-10.8	6.2	5.8
Japan	0.0	-4.7	2.8	3.0
United Kingdom	1.4	-9.8	7.0	4.8
Canada	1.9	-5.3	6.3	4.5
Other Advanced Economies	1.9	-2.0	4.9	3.6
Emerging Markets and Developing Economies	3.7	-2.1	6.3	5.2
Emerging and Developing Asia	5.4	-0.9	7.5	6.4
China	6.0	2.3	8.1	5.7
India	4.0	-7.3	9.5	8.5
ASEAN-5	4.9	-3.4	4.3	6.3
Emerging and Developing Europe	2.5	-2.0	4.9	3.6
Russia	2.0	-3.0	4.4	3.1
Latin America and the Caribbean	0.1	-7.0	5.8	3.2
Brazil	1.4	-4.1	5.3	1.9
Mexico	-0.2	-8.3	6.3	4.2
Middle East and Central Asia	1.4	-2.6	4.0	3.7
Saudi Arabia	0.3	-4.1	2.4	4.8
Sub-Saharan Africa	3.2	-1.8	3.4	4.1
Nigeria	2.2	-1.8	2.5	2.6
South Africa	0.2	-7.0	4.0	2.2

Source: World Economic Outlook Update, July 2021

Domestic Economic Performance and Outlook

At the domestic front, the country has moved out of the COVID-induced recession, with the economy growing at 11.8 percent in the second quarter of 2021 from -17.0 percent in the same period last year. This growth, the highest recorded since 1988, is not just base effect driven, as both production and expenditure have registered growth.

The proper management of COVID-19 risks, easing of quarantine restrictions, and gradual re-opening of the economy with strict compliance with health protocols have substantially aided in the growth of the economy, particularly in the Industry sector which registered a double-digit growth of 20.8 percent in the second quarter of 2021, from a negative 21.8 percent in the same period last year. Among its subsectors that contributed to its sturdy growth include Manufacturing (22.3 percent from -21.2 percent in Q2 2020) and Construction (25.7 percent from -29.4 percent in Q2 2020).

Other sectors which registered positive growth include Services (9.6 percent from -17.1 percent), transportation and storage (23.4 percent from -19.6 percent), real estate (16.7 percent from -11.7 percent), trade (5.4 percent from -3.4 percent), and other services (39.4 percent from -38.7 percent). Unlike last year's imposed Enhanced Community Quarantine (ECQ) where about 75 percent of the economy was closed down, this year, although quarantine restrictions were reimposed though with some variations, most industries and services, including public transportation, were able to continue to operate.

On the expenditure side, Capital Formation, which includes durable equipment, public construction, private construction and private investment, among others, posted the highest growth at 75.5 percent in the second quarter, from -51.5 percent in the same period last year. Meanwhile, House Final Consumption registered a 7.2 percent growth from -15.3 percent. Exports and imports also reverted to the positive territory by 27.0 percent (from -33.5 percent) and 37.8 percent (from -37.3 percent), respectively.

Despite its continued growth over the past quarters, Government Final Consumption expenditure weakened to -4.9 percent from 21.8 percent in the second quarter of 2020. The drop is attributed to the base effects from the hefty emergency subsidies spending in the second quarter of 2020, which was considerably higher than the social protection spending in the second quarter of 2021.²

Employment. With the resumption and consequent rise in economic activity and better management of risks, the labor market has started to improve. Based on the July 2021 Labor Force Survey, the country's unemployment rate declined

to 6.9 percent from 7.7 percent in June 2021. A marked improvement was observed in the National Capital Region (NCR) which registered a lower unemployment rate of 9.0 percent in July 2021 from 14.4 percent in April 2021. This is attributed to the easing of quarantine restrictions from May 15 to July 31, 2021. Meanwhile, unemployment rate in areas outside NCR also dropped to 6.5 percent, from 7.9 percent in the same period. However, when heightened quarantine restrictions momentarily resumed to curb the spread of the highly infectious Delta variant, employment rate slid to 91.9 percent in August 2021, from 93.1 percent in the previous month, based on the August Labor Force Survey. The unemployment rate, on the other hand, increased from 6.9 percent to 8.1 percent between July and August 2021, although underemployment rate significantly declined to 14.7 percent in August, from 20.9 percent in July 2021, the third lowest reported rate this year. This is attributed to the improving job conditions.

The government's economic managers are optimistic that employment figures will improve given the various economic, fiscal, and health measures that the government is undertaking. In June 2021, President Duterte signed Executive Order (EO) No. 140 to officially adopt the National Employment Recovery Strategy (NERS) 2021-2022 which will serve as the master plan for the revival of the country's labor market. Said EO likewise reinforces job-generating programs through the NERS Task Force led by the Department of Trade and Industry. Aside from this, the government will also continue support for its flagship *Build, Build, Build* Program, which has a proposed allocation of PhP1,180.5 billion in 2022. Said program is seen to continue to generate employment and further stimulate the economy.

Inflation. In the Inflation Report of the Bangko Sentral ng Pilipinas (BSP) for the second quarter of 2021, it noted a decline in headline inflation from 4.5 percent in the first quarter to 4.3 percent in the second quarter. However, compared to last year's figure of 2.3 percent, this is relatively higher. The stabilization of food supply in the second quarter due to summer harvests contributed to the decline in food inflation. Non-food inflation, on the other hand, increased due to higher energy cost.³

Likewise, the government implemented measures to help taper food inflation. These measures include the issuance

Table 2. Results of the Labor Force Survey, August 2021

Philippines	March 2021*	April 2021*	May 2021*	June 2021*	July 2021*	August 2021*
Labor Force Participation Rate (%)	65.0	63.2	64.6	65.0	59.8	63.6
Employment Rate (%)	92.9	91.3	92.3	92.3	93.1	91.9
Underemployment Rate (%)	16.2	17.2	12.3	14.2	20.9	14.7
Unemployment Rate (%)	7.1	8.7	7.7	7.7	6.9	8.1

Source: Philippine Statistics Authority, Labor Force Survey

*Estimates are preliminary and may change.

of EOs No. 133 (Increasing the Minimum Access Volume for Pork Meat under Republic Act No. 8178 or the "Agricultural Tariffication Act," as Amended) and No. 134 (Further Modifying the Rates of Import Duty on Fresh, Chilled, or Frozen Meat of Swine under Section 1611 of Republic Act No. 10863, Otherwise Known as the "Customs Modernization and Tariff Act," Repealing Executive Order No. 128 (s. 2021) for the Purpose) in May 2021 to help manage the rise in pork prices. Such measures aided in reducing pork inflation to 38.4 percent in July, from 58.4 percent in May. Meanwhile, rice prices were also tempered by ensuring ample rice supply through the Rice Tariffication Law enacted in 2019 and the issuance of EO No. 135 (Temporarily Modifying the Rates of Import Duty on Rice under Section 1611 of Republic Act No. 10863) in May 2021.

Macroeconomic Assumptions and Forecasts, 2021-2024

The crafting of the medium-term fiscal program and the proposed 2022 National Budget hinged on several macroeconomic assumptions and parameters, such as GDP growth, inflation, price of the Dubai crude oil, foreign exchange, and growth of goods (imports and exports).

Real GDP Growth. From time to time, the Development Budget Coordination Committee (DBCC) assesses the economic data to fine-tune the growth targets in the short- and medium-term. In August 2021, the DBCC modified the growth assumptions from the original target of 6.0 to 7.0 percent to 4.0 to 5.0 percent in 2021 given the heightened restrictions imposed to control the spread of the COVID-19 Delta variant. In the medium-term, the DBCC retained its growth targets of 7.0 to 9.0 percent in 2022 and 6.0 to 7.0 percent in 2023 to 2024. The growth projections are based on the government's recovery strategy, which includes the safe and gradual re-opening and management of the economy, the sustained vaccination program, and efficient management of risks. Monetary and trade assumptions from the Bangko Sentral ng Pilipinas (BSP) were likewise considered.

Inflation. In the short- and medium-term, Filipinos can expect relatively stable prices of basic commodities as inflation is expected to remain steady within the 2.0 to 4.0 percent range from 2021 until 2024. Various policy measures undertaken by the government to ensure the ample supply of agricultural commodities such as rice and pork will help keep food inflation stable.

Dubai Crude Oil. The projection of oil price largely depends on the supply and demand for oil. The DBCC forecasts that the price of Dubai crude oil per barrel in 2021 will be between US\$50 to US\$70. The assumption is maintained in 2022 up to 2024. With the improving global economy, demand for oil is expected to increase, fueling the rise in oil prices.

Foreign Exchange (FOREX). The Philippine Peso is expected to remain within the assumption rate of PhP48-PhP53 per US dollar in 2021. Several factors are contributing to its stability, such as sufficient foreign exchange reserves, and monetary and fiscal support. It is not expected to breach the PhP53 level next year until 2024.

Exports and Imports. With the projected global economic recovery this year, external trade is expected to improve with goods exports increasing by 10.0 percent and goods imports by 12.0 percent in 2021. However, in the medium term, growth of goods exports will slow down to 6.0 percent and will remain at this level until 2024. Meanwhile, goods imports are expected to grow by 10.0 percent in 2022. The growth is expected to decline to 8.0 percent in 2023 and 2024, given continuing uncertainties wrought by the pandemic.

Budget Sensitivity to Macroeconomic Parameters

The macroeconomic assumptions are used in determining the budget level. Any changes in the values of these parameters affect the government's revenues and disbursements.

Table 3. Macroeconomic Assumptions and Projections, 2021-2024

Parameter	Projections ^{a/}			
	2021	2022	2023	2024
Real GDP Growth (%) ^{b/}	6.0-7.0 ^{c/}	7.0-9.0	6.0-7.0	6.0-7.0
Inflation (%)	2.0-4.0	2.0-4.0	2.0-4.0	2.0-4.0
Dubai Crude Oil (US\$/bbl)	50-70	50-70	50-70	50-70
FOREX (PhP/US\$)	48-53	48-53	48-53	48-53
Growth of Goods Export (%) ^{d/}	10.0	6.0	6.0	6.0
Growth of Goods Import (%) ^{d/}	12.0	10.0	8.0	8.0

Sources: NEDA and BSP

^{a/} Based on the Special DBCC meeting on July 19, 2021

^{b/} At Constant 2018 Prices

^{c/} GDP estimate for 2021 was revised to 4.0-5.0 percent during the Special DBCC meeting on August 18, 2021.

^{d/} Based on the IMF's Balance of Payments and International Investment Position Manual, 6th edition (BPM6)

Peso-Dollar Exchange Rate. For every PhP1.00 depreciation against the US dollar, government revenues will increase by PhP9.7 billion. However, it will also amplify government spending by PhP2.1 billion given the increase in foreign interest payments.

Treasury Bill and Bond Rates. A percentage point increase in the Treasury Bill Rate for all maturities will boost revenues by PhP1.1 billion but it will also increase government disbursements by PhP5.7 billion, resulting in budget deficit of PhP4.6 billion. Similarly, a percentage point increase in the Treasury Bond Rate for all maturities will result in a budget deficit of PhP7.2 billion as it will raise disbursements by PhP9.0 billion, with only a PhP1.8 billion increase in revenues.

LIBOR. A percentage point increase in the 180-day LIBOR will amplify disbursements by PhP10.5 billion thus resulting in negative budget balance by the same amount. It has no impact on revenues.

Inflation Rate. A percentage point increase in inflation rate will boost government revenues by PhP24.7 billion given the rise in prices of taxable goods and services. While this has a positive impact on the budget balance, a rising inflation would negatively affect the purchasing power of the public.

Real GDP Growth Rate. A percentage point increase in the GDP growth rate will amplify government revenues by PhP28.2 billion due to a higher tax base, thus boosting the budget balance by the same amount.

Growth Rate of Imports. The government's economic managers estimate that a percentage point increase in the growth rate of imports would contribute an additional PhP7.6 billion revenues in the government's coffers. Similar with inflation rate and GDP growth rate, it has no impact on disbursements.

Fiscal Risks and Other Sources of Risks to Growth

The DBCC, in its 2022 Fiscal Risks Statement, has identified certain risks that may hamper economic growth and hence need to be managed. Below are some of the identified risks:⁴

Uncertainties brought about by the COVID-19 Pandemic. The COVID-19 crisis, particularly the emergence of new COVID-19 variants, will continue to pose a risk to the country's growth, as well as to its debt-to-GDP ratio. With the threats of the COVID-19 Delta variant, found to be more contagious than other variants, the government was forced to re-impose containment measures to curb the spread of the virus. Given the situation, the DBCC revised its growth target for 2021 last August 2021, from 6.0 to 7.0 percent to 4.0 to 5.0 percent. The revision may raise the deficit path "by as much two-percentage points over the medium-term," all the other things being equal. To manage this risk, it is important that the government accelerate its vaccination program, and fortify its contact tracing measures, health protocols, and management of health systems.⁵

Table 4. Budget Sensitivity to Key Macroeconomic Indicators, 2022
(in billion Pesos)

Indicator	Change	2022		
		Revenues	Disbursements	Budget Balance*
Peso-to-US Dollar Exchange Rate	PhP1.00 depreciation	9.7	2.1	7.6
Treasury Bill Rate (all maturities)	1 percentage point increase	1.1	5.7	-4.6
Treasury Bond Rate (all maturities)	1 percentage point increase	1.8	9.0	-7.2
LIBOR (180-day)	1 percentage point increase	-	10.5	-10.5
Inflation Rate	1 percentage point increase	24.7	-	24.7
Real GDP Growth Rate	1 percentage point increase	28.2	-	28.2
Growth Rate of Imports	1 percentage point increase	7.6	-	7.6

Sources: Department of Finance (DOF) and Bureau of the Treasury (BTr)

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

*A negative figure in the budget balance means an increase in the deficit.

On the Mandanas Ruling. The Supreme Court (SC) Ruling on the Mandanas-Garcia cases ordered that the share of local government units (LGUs) from the national taxes should include national internal revenue taxes and customs duties. Given this, the projected IRA of LGUs is estimated to increase by PhP263.5 billion in 2022 from PhP695.5 billion in 2021.

To facilitate full compliance with the SC Ruling, the projected National Tax Allotment of LGUs for 2022 has been considered in next year's disbursement program. EO No. 138 and its Implementing Rules and Regulations (IRR) were likewise issued in June and July, respectively, to support the implementation. The Department of Budget and Management (DBM) and the Department of the Interior and Local Government (DILG) have also issued joint circulars to aid national government agencies concerned and the LGUs in preparing their Devolution Transition Plans. While key measures are already in place, there are possible risks in the implementation by the LGUs of the devolved functions due to the complexity of unbundling the functions of the affected national government agencies. To address these risks, the national government has undertaken several measures such as the following:

- Creation of the Committee on Devolution under EO No. 138 to serve as the venue where the oversight national government agencies and representatives from the LGU leagues discuss the implementation of EO No. 138;
- Conduct of dialogues and consultation with the LGUs and Leagues to discuss the Mandanas Ruling;
- Inclusion of capacity building for LGUs in EO No. 138 and its IRR to ensure the smooth implementation of devolved services; and
- Development of a comprehensive communications strategy to address information gaps and engage various stakeholders, including civil society organizations and the general public, in the implementation of full devolution.

2022 National Elections. The upcoming May 2022 elections may affect the country's political and economic climate. Under the Omnibus Election Code of the Philippines, public works and the release of public funds for them are prohibited during the election period. Given this, implementation of the government's infrastructure projects may be disrupted. Likewise, with the change of leadership after the elections, development priorities, and enactment and even sustainability of reforms may also be affected. Thus, it is crucial for reforms to be institutionalized. In the area of public financial management reforms, the DBM has been actively pursuing the passage of the Budget Modernization Bill which will institutionalize the Cash Budgeting System and foster better public service delivery and fiscal transparency.

Strategies for Growth

The government's recent economic gains and the achievement of the growth targets – including the return to pre-pandemic levels by 2022 – are anchored on the following three-pillar strategy for growth, which will be further strengthened to better manage the risks and accelerate the country's recovery:

Acceleration of the Vaccination Program. The government started its vaccination program on March 1, 2021. Among those who were first vaccinated, the A1 priority category, were frontline workers in health facilities, followed by those in the A2 (senior citizens aged 60 years old and above) and A3 (persons with comorbidities) categories. The government later expanded the vaccination coverage to A4 category (frontline personnel in essential sectors) to ensure the safe re-opening of the economy, as well as to the A5 category (individuals in the indigent sector not included in the other categories). The inoculation of minors, aged 12 to 17, has also been approved by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases, and the pilot rollout will commence on October 15, 2021.

To boost its vaccination drive, the government is ensuring the steady supply of vaccines from various sources. It expects to fully vaccinate against COVID-19 90 percent of the country's population by February 2022. As of October 3, 2021, about 21 million Filipinos have already been fully vaccinated.

As a contingency, the government has provided PhP45.4 billion under the Unprogrammed Appropriations of the proposed 2022 National Budget to finance the procurement of COVID-19 vaccine booster shots.

Safe Re-opening of the Economy. Complemented by the sustained implementation of health protocols and the accelerated vaccination program, the government was able to gradually relax restrictions to allow the re-opening of the economy. This has enabled millions of workers to resume employment, thus improving the country's unemployment rate to 6.9 percent in July 2021, from 7.7 percent in June 2021. In its effort to strike a balance between health and the economy, the government shifted to the implementation of granular lockdowns and health protocols, guided by an alert level system within Metro Manila last September 16. This is to ease restrictions particularly in areas with lower numbers of COVID-19 cases.

Full Implementation of the Recovery Package. Supported by policy and fiscal measures, the government was able to implement its recovery package which includes, among others, the FY 2021 National Budget and the passage of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) and Financial Institutions Strategic Transfer (FIST) Laws. The timely enactment and implementation of the PhP4.506 Trillion National Budget for 2021 enabled

the government to strengthen its COVID-19 response and support endeavors focused on economic recovery. Likewise, the passage of the CREATE Law provided the much-needed stimulus measures for the micro, small, and medium enterprises (MSMEs), which have been most adversely affected by the pandemic. Meanwhile, the FIST Act is seen to strengthen the financial sector by allowing them to extend credit to affected sectors and thus help further stimulate the economy.

To further attract investments and stimulate job creation, the government is likewise pushing for the passage of amendments to the Retail Trade Liberalization Act, Public Service Act, and the Foreign Investment Act.

Likewise, to boost the government's fiscal response to the pandemic, it has promptly submitted to the Congress the PhP5.024 Trillion National Budget for Fiscal Year 2022, which provides targeted investments in health, social protection, and infrastructure.

Endnotes:

¹ IMF. (2021, July). *World Economic Outlook Update*. Retrieved from <https://www.imf.org/en/Publications/WEO/Issues/2021/07/27/world-economic-outlook-update-july-2021>

² NEDA. (2021). *Report on National Income Accounts (Q2 2021)*. Retrieved from <https://neda.gov.ph/wp-content/uploads/2021/08/Report-on-NIA-Q2-2021.pdf>

³ BSP. (2021). *2021 Inflation Report Second Quarter*. Retrieved from https://www.bsp.gov.ph/Lists/Inflation%20Report/Attachments/22/IR2qtr_2021.pdf

⁴ DBCC. (2021). *2022 Fiscal Risks Statement*.

⁵ Ibid.

B. FISCAL STRATEGY¹

To rebuild the fiscal space and provide for future proofing against significant risks and shocks, the financing strategy of the proposed national expenditure program for next year will be consistent with the government's fiscal consolidation strategy. This will further strengthen macroeconomic fundamentals and pave the way towards full recovery.

The Duterte Administration's prudent fiscal stance will enable the government to respond to the continuing challenges of the COVID-19 pandemic, and help revive the economy and gradually revert to pre-crisis levels. While the country's fiscal position may have been weakened by the pandemic, the prudent fiscal management strategies adopted in the past and implemented by the Administration have helped the country navigate through this health crisis.

Highlights of 2020 Fiscal Performance

For the full-year 2020, total National Government disbursements reached PhP4,227.4 billion, representing an 11.3 percent growth from the PhP3,797.7 billion level in 2019 on account of the implementation of health-related measures and social protection programs of the government amid the imposition of the Enhanced Community Quarantine (ECQ). In fact, most of the growth in disbursements was experienced during the first semester.

During the second half of the year, however, growth in disbursements moderated due to the following: (1) the base effect of the catch-up spending in the latter part of 2019; (2) the lower infrastructure and other outlays in 2020

Table 1. National Government Disbursement Performance for the Period January to December 2020
(in billion Pesos)

in million Pesos)

Particulars	January to December			Variance		Increase/ (Decrease)	
	2019 Actual	2020					
			Program ^{b/}	Actual ^{a/}	Amount	Percent	Amount
Current Operating Expenses	2,740.9	3,475.6	3,326.4	(149.2)	(4.3)	585.5	21.4
Personnel Services	1,115.0	1,177.8	1,178.5	0.7	0.1	63.5	5.7
Maintenance and Other Operating Expenses	572.9	996.1	885.4	(110.7)	(11.1)	312.5	54.5
Subsidy	201.5	244.1	229.0	(15.0)	(6.2)	27.5	13.6
Allotment to LGUs	463.2	621.6	620.0	(1.6)	(0.3)	156.7	33.8
Interest Payments	360.9	421.3	380.4	(40.9)	(9.7)	19.5	5.4
Tax Expenditure	27.3	14.7	33.1	18.4	125.4	5.8	21.1
Capital Outlays	1,039.8	832.7	878.9	46.2	5.5	(160.9)	(15.5)
Infrastructure/Other Capital Outlays	881.7	609.3	681.5	72.3	11.9	(200.2)	(22.7)
Equity	3.3	51.2	12.8	(38.4)	(75.0)	9.5	285.7
Capital Transfers to LGUs	154.7	172.3	184.6	12.3	7.1	29.8	19.3
Net Lending	17.1	26.9	22.1	(4.8)	(17.9)	5.1	29.6
Total	3,797.7	4,335.2	4,227.4	(107.8)	(2.5)	429.7	11.3
Memo Items:							
Infrastructure Disbursements ^{c/}	1,049.9	785.5	869.9	84.5	10.8	(179.9)	(17.1)
Revenues	3,137.5	2,519.8	2,856.0	336.2	13.3	(281.5)	(9.0)
Surplus/(Deficit)	(660.2)	(1,815.4)	(1,371.4)	444.0	(24.5)	(711.2)	107.7

^{a/} Updated based on the revised BTr Cash Operations Report for December 2020 dated July 28, 2021. Subsidy for the month of December 2020 was revised downwards, while the disbursements of NGAs increased.

^{b/} Revised FY 2020 Quarterly Fiscal Program approved by the DBCC via Ad Referendum on July 28, 2020

^{c/} Include estimated NG infrastructure disbursements, and infrastructure components of subsidy and equity to GOCCs and transfers to LGUs

following the discontinuance of some capital outlay projects to support *Bayaniban* I; and (3) the unintended delays in the execution of other programs because of the pandemic.

The robust NG disbursements for the full year 2020 are mainly credited to the government's COVID-19 emergency response and recovery measures. Maintenance and Other Operating Expenditures (MOOE) registered an increase of 54.5 percent, or PhP312.5 billion, to reach PhP885.4 billion in 2020 compared with the previous year's level of PhP572.9 billion. These were used, among others, to implement the various government health emergency response measures, the Social Amelioration Program, and the livelihood/employment assistance programs such as *Tulong Panghanapbuhay sa Ating* Disadvantaged/Displaced Workers (TUPAD), *Abot Kamay ang Pagtulong* (AKAP) and COVID-19 Adjustment Measures Program (CAMP). Personnel Services, on the other hand, was up only by 5.7 percent or PhP63.5 billion, from PhP1,115.0 billion in 2019 to PhP1,178.5 billion in 2020, mainly due to the funding for the implementation of the first tranche of the Salary Standardization Law V, the hiring requirements for the Human Resources for Health, and provisions for special risk allowance and hazard pay.

To cushion the adverse impact of the community quarantines and the loss of livelihoods brought about by the pandemic, some PhP229.0 billion was disbursed in the form of subsidies, among others, to the Philippine Health Insurance Corporation (PHIC) for health premiums of indigent families and senior citizens; to the Department of Social Welfare and Development (DSWD), through the LandBank of the Philippines (LBP), for its unconditional cash transfer program; and to the Social Security System (SSS) for its Small Business Wage Subsidy as financial assistance to affected workers of small businesses, ranging from PhP5,000 to PhP8,000 per month per eligible employee.

For 2020, disbursements for Equity posted a 285.7 percent increase, or PhP9.5 billion, due to the implementation of programs under the *Bayaniban* II such as the COVID-19 Assistance to Restart Enterprises (CARES) Program and other lending programs of the Small Business Corporation (SB Corp), and the subsidies for the payment of interest on new and existing loans secured by LGUs from the Development Bank of the Philippines (DBP) and the Landbank of the Philippines (LBP). Likewise, combined allotment and capital transfers to local government units (LGUs) amounted to PhP804.5 billion, representing an increase of 30.2 percent from PhP617.9 billion posted in 2019. The notable increase was the result of higher IRA of LGUs from the proceeds of internal revenue collections; the annual block grant to the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) pursuant to RA No. 11054 or the Bangsamoro Organic Law; and releases for the Conditional Matching Grant for Road and Bridge Rehabilitation and Improvement under the Local Government Support Fund (LGSF).

As to the program level for the year, maintenance spending and equity fell by PhP110.7 billion (11.1 percent) and PhP38.4

billion (75.0 percent), respectively, due to the ongoing implementation of some social subsidies and lending assistance programs under the *Bayaniban* II. Funds for these programs had yet to be fully utilized as of end-December 2020, but the implementation of the programs continued in 2021, following the extension of the *Bayaniban* II and the FY 2020 GAA by virtue of RA Nos. 11519 and 11520. Furthermore, interest payments were short of the program by PhP40.9 billion or 9.7 percent, due to lower actual foreign exchange and interest rates, which in turn generated savings that partially helped fund requirements of the *Bayaniban* II.

When the infrastructure components of subsidy and equity to GOCCs, and transfers to LGUs are accounted for, total combined government disbursements for infrastructure for the year amounted to PhP869.9 billion, or 10.8 percent higher than the revised PhP785.5 billion program. This translates to a sizable 4.8 percent of GDP, as compared with the 4.2 percent program for 2020 and the 5.4 percent achieved in 2019.

In funding the PhP4,227.4 billion disbursements for 2020, the national government collected a total of PhP2,856.0 billion in revenues. Of the total, 87.7 percent, or roughly PhP2,504.4 billion, consisted of tax revenues. The remaining PhP351.5 billion, or 12.31 percent, represented non-tax revenues. Total deficit financing, on the other hand, reached PhP1,371.4 billion following a borrowing mix of 72:28 in favor of domestic financing.

FY 2021 Fiscal Position for the Period January to July 2021

Higher spending on Capital Outlays enabled actual national government disbursements from January to July 2021 to surpass by PhP195.3 billion, or 8.2 percent, the spending level registered during the same period last year. As of July 2021, disbursements reached PhP2,583.7 billion on account of the implementation of various infrastructure and other capital outlay projects of various departments. Disbursements for these items under Capital Outlays during the period

Table 2. FY 2020 Fiscal Position
(in billion Pesos)

Particulars	2020 Actual
Revenues	2,856.0
% of GDP	15.9%
Tax Revenues	2,504.4
% of GDP	14.0%
Expenditures	4,227.4
% of GDP	23.6%
Deficit	(1,371.4)
% of GDP	(7.6%)

amounted to PhP671.9 billion, representing a 48.5 percent increase from the previous year's level of PhP452.4 billion.

Other contributors to the growth in the disbursement level include capital infusion to GFIs under the *Bayaniban* II; transfers to LGUs owing to the higher IRA, releases for the annual block grant to the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), and releases from the Local Government Support Fund - Support to the *Barangay* Development Program (LGSF-SBDP) for the construction of farm-to-market roads, water and sanitation systems, etc.; implementation of salary adjustment pursuant to SSL V, release of mid-year bonus and PBB, and pension and retirement claims; interest payments owing to the coupon payments for bonds issuances; and tax expenditure subsidy largely from the documentary stamp taxes on government securities.

Disbursements would have been robust if not for the marked declines in the following expense items:

- (a) Completion of the Social Amelioration Program (SAP) of the DSWD in the previous year;
- (b) Reduction in the subsidy to government corporations due to the one-time PhP51.0 billion Small Business

Wage Subsidy (SBWS) Program implemented through the Social Security System (SSS) in April and May last year; and

- (c) Lower net lending as a result of the repayment by the Philippine Guarantee Corporation (Philguarantee) and minimal availment from other government corporations.

Medium-Term Fiscal Program

Consistent with the government's fiscal consolidation strategy, borrowings will taper off, despite the increase in the level of government disbursements. This is consistent with the policy to reduce the share of debt to the country's GDP. Hence, for next year, the deficit program will be lowered to 7.5 percent of GDP (PhP1.665 trillion) from this year's 9.3 percent (PhP1.856 trillion). It will further decline to 5.9 percent of GDP (PhP1.435 trillion) in 2023.

Over the medium-term (2021-2024), revenue collections are seen to gradually recover from the fiscal decline brought about by the pandemic, growing by an average of 11.6 percent annually. Government expects receipts to reach PhP2,881.5 billion in 2021, rising to PhP3,289.5 billion, PhP3,586.4 billion, and PhP3,999.3 billion in 2022, 2023, and 2024, respectively.

Table 3. NG Disbursement for the Period January to July, 2020 and 2021
(in billion Pesos, unless otherwise indicated)

Expenditure Class	January to July			
	2020	2021	Increase/(Decrease)	
			Amount	Percent
Current Operating Expenses	1,925.1	1,905.2	(19.8)	(1.0)
Personnel Services	634.7	678.9	44.2	7.0
MOOE	511.5	456.4	(55.1)	(10.8)
Subsidy	146.6	94.4	(52.3)	(35.6)
Allotment to LGUs	374.9	388.7	13.8	3.7
Interest Payments	247.1	267.6	20.5	8.3
Tax Expenditure	10.3	19.3	9.0	87.9
Capital Outlays	452.4	671.9	219.4	48.5
Infrastructure/Other Capital Outlays	350.3	499.4	149.1	42.6
Equity	0.8	46.0	45.2	5,756.8
Capital Transfers to LGUs	101.4	126.5	25.1	24.7
Net Lending	10.9	6.6	(4.3)	(39.5)
Total	2,388.4	2,583.7	195.3	8.2
Memo item:				
Infrastructure Disbursements ^a	461.0	625.2	164.2	35.6

^aInclude estimated NG infrastructure disbursements, and infrastructure components of subsidy and equity to GOCCs and transfers to LGUs

Revenues

Not only aimed at ensuring that the robust growth in disbursements is supported, revenue collection efforts and strategies are geared towards gradually reducing the share of debt to the country's GDP. Policy and administrative revenue measures and reforms are being put in place to keep the government fiscal position on track towards full recovery.

For FY 2022, the national government expects to generate PhP3,289.5 billion in total revenues, representing 14.9 percent of GDP, and 14.2 percent higher than this year's programmed revenue collections of PhP2,881.5 billion. Of these total receipts, tax revenues will amount to PhP3,125.0 billion, 15.1 percent higher than this year's level of PhP2,714.8 billion. Non-tax revenues, on the other hand, will contribute PhP164.0 billion while proceeds from privatization are

Table 4. National Government Fiscal Program, 2020-2023
(in billion Pesos)

Particulars	2020 Actual	2021 Program	2022 Projection	2023 Projection
Revenues	2,856.0	2,881.5	3,289.5	3,586.4
Percent of GDP	15.9	14.5	14.9	14.8
Tax Revenues	2,504.4	2,714.8	3,125.0	3,419.0
<i>Percent of GDP</i>	10.5	17.0	14.2	12.1
<i>Of which:</i>				
Bureau of Internal Revenue	1,951.0	2,081.2	2,434.8	2,675.4
Bureau of Customs	537.7	616.7	671.7	724.5
Non-Tax Revenues	351.1	166.2	164.0	166.0
Percent of GDP	2.0	0.8	0.7	0.7
Privatization	0.5	0.5	0.5	0.5
Percent of GDP	0.0	0.0	0.0	0.0
Disbursements	4,227.4	4,737.1	4,954.6	5,021.4
Percent of GDP	23.6	23.9	22.4	20.7
Current Operating Expenses	3,326.4	3,679.7	3,625.8	3,680.5
<i>Percent of GDP</i>	18.8	18.5	16.4	15.2
<i>Of which:</i>				
Interest Payments	380.4	531.5	512.6	554.3
Percent Share to Total Disbursements	9.0	11.2	10.3	11.0
Capital Outlays	878.9	1,028.7	1,300.1	1,312.1
<i>Percent of GDP</i>	4.9	5.2	5.9	5.4
Net Lending	22.1	28.7	28.7	28.7
<i>Percent of GDP</i>	0.1	0.1	0.1	0.1
Deficit	(1,371.4)	(1,855.6)	(1,665.1)	(1,434.9)
Percent of GDP	(7.6)	(9.3)	(7.5)	(5.9)
Financing				
Gross Borrowings	2,652.50 ^{a/}	3,072.40	2,472.80	2,307.30
Less: Amortization ^{b/}	157.50	799.30	141.20	134.40
Net Financing ^{c/}	2,495.10	2,273.10	2,331.60	2,172.80
Less: Total Net Financing Requirement/Deficit	1,371.40	1,855.60	1,665.10	1,434.90
Budgetary Change in Cash	1,123.60	417.40	666.50	737.90

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

^{a/} Excludes redeemed bonds through liability management exercise (i.e., bond exchange program)

^{b/} Excludes repayments serviced by the Bond Sinking Fund (BSF)

^{c/} Includes contribution to the BSF

expected to raise an additional PhP500 million. This revenue program already includes proceeds from the comprehensive tax reform package of the government.

By department, the Department of Finance (DOF) is the biggest revenue earner for the government, with PhP3,194.4 billion collections for 2022 compared with this year's expected level of PhP2,789.8 billion. A far second is the Department of Transportation, with PhP25.2 billion, while the Departments of Energy and Justice will contribute PhP19.8 billion and PhP14.4 billion, respectively.

Some 77.9 percent of the total tax revenues will be generated by the Bureau of Internal Revenue (BIR), with PhP2,434.8 billion. This level shows a 17.0 percent increase over this year's program of PhP2,081.2 billion. The BIR collections will primarily come from personal and corporate income taxes, with PhP1,247.6 billion, followed by taxes on domestic goods and services with PhP932.8 billion.

The rest of the tax revenue components will come from the Bureau of Customs (BOC) and other tax revenue generating agencies. The BOC will infuse some PhP671.7 billion sourced from taxes on international trade and transactions (PhP663.2 billion) and tax administration (PhP8.4 billion). Among other tax revenue-generating agencies, the Land Transportation Office will contribute the largest, with PhP13.1 billion from its Motor Vehicle User's Charge.

The FY 2022 revenue program also sees improvements in the proceeds from its Comprehensive Tax Reform Program, in particular Package 1A or the Tax Reform for Acceleration and Inclusion (TRAIN), and Package 2+ or the Sin Tax Laws. Total collections from the various revenue measures of the Duterte Administration will yield PhP101.4 billion in 2022, which represents a 63.9 percent increase over this year's level.

TRAIN collections will reach PhP169.8 billion next year, the bulk of which will come from BOC at PhP145.2 billion, mainly from excise taxes on petroleum. The BIR, on the other hand, is expected to contribute only some PhP24.7 billion due to the effects of the reduction in personal income taxes, which translates to some PhP106.6 billion in foregone revenues.

For revenues from sin taxes, the bulk of the proceeds amounting to PhP53.8 billion will come from the BIR excise tax collections from tobacco (PhP25.5 billion), alcohol (PhP22.2 billion), and e-cigarettes (PhP308 million); and value-added taxes worth PhP5.8 billion. However, these robust collections will be sheared off by foregone revenues amounting to PhP1.8 billion from VAT exemptions on medicines.

To accelerate economic recovery by restoring business confidence and reviving private domestic investments, the Duterte Administration implemented early this year the Financial Institutions Strategic Transfer (FIST) Act and the

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which are expected to result in foregone revenues in 2022 amounting to PhP118.8 billion and PhP2.0 billion, respectively. The FIST Law will serve as a fortress for the country's financial system as it will enable banks to act swiftly to ensure stability in any event of a crisis. Through FIST, banks can free up much-needed liquidity for lending to the productive sectors of our economy, which are crucial to economic recovery. CREATE, on the other hand, will provide the largest fiscal stimulus program in the country's history, with more than PhP1.000 trillion (USD 20.5 billion) worth of tax relief for enterprises, over the next 10 years. It rationalizes fiscal incentives by creating an enhanced, performance-based, transparent and time-bound incentives package².

As part of its legislative agenda, the Administration is urging members of the 18th Congress to prioritize the enactment of the economic liberalization bills, namely: the Government Financial Institutions Unified Initiative to Distressed Enterprises for Economic Recovery (GUIDE) bill, and amendments to the Foreign Investment Act and the Retail Trade Liberalization Act. These are among the still unfinished yet extremely urgent business that must be swiftly acted upon to further rev up the economy.

Disbursements

To counter the weakening of the country's fiscal position because of the pandemic, the Duterte Administration is bent on rebuilding the country's fiscal space consistent with its fiscal consolidation strategy.

With the lowering of the deficit program and the intensified revenue collections, disbursements are seen to likely increase by 4.6 percent to reach PhP4,954.6 billion (22.4 percent of GDP) in 2022, from this year's PhP4,737.1 billion (23.9 percent of GDP).

Through 2022, the PhP4,954.6 billion total disbursement program will be focused on building resilience amidst the pandemic, sustaining the momentum towards recovery, and continuing the legacy of infrastructure development. In support of this, some key funding priorities include:

- Procurement and distribution of vaccines to curb the spread of the COVID-19 virus;
- Establishment of the Virology Science and Technology Institute of the Philippines;
- Formulation of the National Food Policy, which outlines the national priorities and roadmap for achieving zero hunger;
- Strengthening safety nets and support for job and income security;
- Empowerment of LGUs through the implementation of the decision of the Supreme Court on the Mandanas-Garcia cases; and
- Investments in public infrastructure under the *Build, Build, Build* Program.

Table 5. List of Revenue Measures^{a/}
(in million Pesos)

Particulars	2020 Actual	2021 Program	2022 Projection	2023 Projection
Package 1A - TRAIN Law ^{b/}	105,947	157,943	169,852	117,982
Bureau of Internal Revenue	(4,828)	21,965	24,681	(37,671)
Personal Income Tax	(114,076)	(95,788)	(106,555)	(185,293)
Corporate Income Tax (PCSO)	32	42	54	70
Estate Tax	(2,612)	(2,100)	(2,100)	(2,100)
Donor's Tax	(2,342)	(2,180)	(2,400)	(2,642)
Value Added Tax (VAT)	12,357	9,549	9,986	11,058
Excise Tax on Petroleum	17,716	4,826	-	-
Excise Tax on Automobiles	853	935	1,057	1,171
Sweetened Beverages	32,418	34,043	37,045	39,935
Excise Tax on Tobacco	12,225	12,976	13,720	14,790
Excise Tax on Coal	-	211	-	-
Excise Tax on Mining	2,953	3,511	3,757	3,983
Cosmetics Procedures	3	4	4	4
Foreign Currency Deposit Unit	446	281	301	320
Capital Gains on Non-Traded Stocks	673	1,492	1,824	1,859
Stock Transaction Tax for Traded Stocks	1,617	1,934	2,384	2,937
Percentage Tax Increase due to VAT Threshold	26	-	-	-
Documentary Stamp Tax	30,465	52,064	62,046	72,197
Tax Administration	2,417	164	3,559	4,039
Bureau of Customs	110,775	135,978	145,171	155,653
Excise Tax on Petroleum	78,931	99,988	106,701	114,353
Value Added Tax (VAT)	13,227	15,655	16,761	17,994
Excise Tax on Automobiles	5,286	4,470	4,692	4,927
Excise Tax on Coal	3,851	4,313	4,744	5,124
Sweetened Beverages	3,599	3,425	3,832	4,209
Tax Administration	5,882	8,127	8,441	9,046
Package 1B - Tax Amnesty Law ^{c/}	5,961	-	-	-
Bureau of Internal Revenue	5,961	-	-	-
Estate Tax Amnesty	1,181	-	-	-
Tax Amnesty on Delinquencies	4,780	-	-	-
Package 2+ - Sin Tax Laws ^{d/}	32,116	43,114	52,325	66,987
Bureau of Internal Revenue	32,994	44,442	53,797	68,590
Excise Tax on Tobacco	13,344	20,781	25,520	34,654
Excise Tax on Alcohol	15,942	18,635	22,205	26,236
Excise Tax on E-Cigarettes	173	264	308	352
Value Added Tax (VAT)	3,535	4,762	5,764	7,349

Table 5. List of Revenue Measures^{a/} (continued)

(in million Pesos)

Particulars	2020 Actual	2021 Program	2022 Projection	2023 Projection
Package 2+ - Sin Tax Laws ^{d/}	32,116	43,114	52,325	66,987
Bureau of Customs	(879)	(1,327)	(1,472)	(1,603)
Excise Tax on Alcohol	-	214	302	434
Value Added Tax (VAT)	-	26	36	52
VAT Exemption on Medicine	(879)	(1,568)	(1,810)	(2,089)
Package 2 - CREATE Law ^{e/}	-	(138,185)	(118,788)	(115,009)
Bureau of Internal Revenue	-	(138,185)	(118,788)	(115,009)
Corporate Income Tax and Others	-	(115,790)	(101,801)	(102,771)
VAT and Percentage Taxes	-	(22,395)	(16,987)	(12,238)
FIST Law ^{f/}	-	(995)	(1,965)	(2,887)
Bureau of Internal Revenue	-	(995)	(1,965)	(2,887)
Value Added Tax	-	(518)	(1,003)	(1,455)
Documentary Stamp Tax	-	(218)	(460)	(704)
Corporate Withholding Tax	-	(259)	(502)	(728)
Total Revenues	144,024	61,877	101,424	67,073

Source: Department of Finance

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

^{a/} Revenue Measures under the Comprehensive Tax Reform Program

^{b/} Tax Reform for Acceleration and Inclusion (TRAIN) Law - Republic Act (RA) No. 10963

^{c/} RA No. 11213

^{d/} RA Nos. 11346 and 11467

^{e/} Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law - RA No. 11534

^{f/} Financial Institutions Strategic Transfer (FIST) Law - RA No. 11523

Debt Management and Borrowings

To ensure that debt accumulation does not outrun economic recovery, the Duterte Administration commits to ensuring that the borrowed funds will generate the needed economic activity to pay them off. Indeed, the increase in the level of public spending through borrowings has prevented the domestic economy from collapsing during the pandemic. At the same time, the government also affirms its commitment to a manageable and sustainable debt-to-GDP ratio over the medium-term. Evidently, despite our debt-to-GDP ratio reaching 54.6 percent last year due to the COVID-19 spending and the inevitable drop in revenues as a result of the pandemic, the prudent and effective fiscal, debt and liability

management strategies in recent years, as reflected in our historically low deficit and debt-to-GDP ratios, enabled the Philippines to afford the temporary deviation and expansion of the deficit to 7.6 percent of GDP.

However, given the downward revision of the 2021 growth outlook, the deficit-to-GDP ratio for the year could reach 9.5 percent. Similarly, the revision of the 2021 growth outlook affected the corresponding nominal GDP level for the out-years. Hence, the deficit-to-GDP ratio over the medium-term could increase by an average of 1.1 percentage points, reaching 7.7 percent in 2022 (from 7.5 percent), and 6.0 percent in 2023 (from 5.9 percent).

Table 6. National Government Financing, 2021-2022

(in billion Pesos)

Particulars	2021	2022
Surplus/(Deficit)	(1,855.6)	(1,665.1)
Gross Borrowings	3,072.4	2,472.8
External (Gross)	581.4	560.6
Less: Amortization	248.8	139.2
External (Net)	332.5	421.4
Domestic (Gross)	2,491.0	1,912.2
Less: Net Amortization	550.4	2.0
Domestic (Net)	1,940.6	1,910.2

Gross financing next year is set at PhP2,472.8 billion, which is 19.5 percent lower than the program borrowings of PhP3,072.4 billion this year. For 2022, the deficit as a share of GDP will reach 7.5 percent, lower than the 9.3 percent of GDP program this year. Financing requirements will rely mostly on domestic sources, with a borrowing mix of 77:23 to ensure fiscal sustainability, as the government gradually brings the deficit back to pre-COVID-19 levels over the medium term. This will also enable better debt management by further reducing the country's foreign exchange currency denominated debt so that exposure to foreign exchange fluctuations will be minimized.

Endnotes:

¹ Unless otherwise stated, data were sourced from the Budget of Expenditures and Sources of Financing Tables; The FY 2022 President's Budget Message; the Development Budget Coordination Committee (DBCC) meetings on May 18 and July 19, 2021; and DBCC NG Disbursement Reports.

² Source: Department of Finance

III. DIMENSIONS OF THE NATIONAL EXPENDITURE PROGRAM

As one of the government's central policy documents, the National Budget should be presented in a clear and comprehensive manner to facilitate better understanding and appreciation of how public funds are allocated, as well as to inform the people of the Administration's key priorities and strategies for the fiscal year.

Thus, the Department of Budget and Management (DBM) continues to uphold the practice of presenting the National Budget from different perspectives or dimensions in its annual budget documents. This section of the Technical Notes on the Proposed National Budget will discuss the 2022 National Expenditure Program based on the following classifications: by Sector (Old/Traditional Method and Classification of the Functions of the Government); by Expense Class; by Recipient Entity; by Department and Special Purpose Fund; by Appropriation Source; by Region; Intergovernmental Transfers to Local Government Units; Transfers to Government-Owned and/or -Controlled Corporations; Earmarked Revenues; Off-Budget Accounts; and Foreign-Assisted Projects.

The succeeding presentations explain how the design of the proposed 2022 National Budget will support the Duterte Administration's efforts towards the Philippines' steady recovery from the impacts of the COVID-19 pandemic, and enable the next leadership to sustain the fruits of real change for the future generations.

A. By Sector (Traditional System and COFOG)

Classifying expenditures is essential in government budgeting. A good public expenditure classification system provides a standard and efficient framework for formulating policies and determining the equitable allocation of resources among the various sectors and activities of the government.¹

In classifying the National Budget by sector or function, the DBM utilizes both the Old/Traditional Method and the Classification of the Functions of Government (COFOG) System. While the COFOG System was adopted by the DBM in 2015 to more accurately monitor public spending and check whether government agencies' targets are met, the Old/Traditional System continues to be used to enable historical comparisons of fund allocations.

Old/Traditional System

Under the Old/Traditional System, expenditure items in the National Budget are grouped under five broad categories or sectors: Social Services, Economic Services, General Public Services, Debt Burden, and Defense. Each sector is further divided into subsectors.

To support the government's COVID-19 response efforts and the gradual transition to full economic recovery, PhP3.395 trillion of the PhP5.024 Trillion Proposed 2022 National Budget will go to Social and Economic Services. As in the previous years' budgets, the two sectors received the highest allocations, making up 67.6 percent of the total proposed Budget for 2022. The continued emphasis on these sectors is reflective of the government's long-term goal of reducing extreme poverty and promoting inclusive growth through investments in human capital development and public infrastructure. (See Table 1)

Table 1. Budget by Sector (Old/Traditional Method), 2021-2022
(in billion Pesos, unless otherwise indicated)

Particulars	2021 GAA	2022 NEP	Increase/(Decrease)		% Share of the Budget	
			PhP	% Change	2021 GAA	2022 NEP
Social Services	1,668.0	1,921.8	253.7	15.2	37.0	38.3
Economic Services	1,323.1	1,473.5	150.4	11.4	29.4	29.3
General Public Services	747.8	862.7	114.9	15.4	16.6	17.2
Debt Burden (includes Net Lending)	560.2	541.3	(19.0)	(3.4)	12.4	10.8
Defense	206.8	224.4	17.6	8.5	4.6	4.5
Total	4,506.0	5,023.6	517.6	11.5	100.0	100.0

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

1. Social Services. Making up 38.3 percent of the total proposed Budget, PhP1.922 trillion will be spent on Social Services for 2022, 15.2 percent more than the PhP1.668 trillion provided in 2021. The bulk of this amount, or PhP803.0 billion, is earmarked for the education, culture, and manpower development subsector. This will be used mainly to expand learning opportunities and ensure the continued provision of quality education amid the pandemic through the following programs: Universal Access to Quality Tertiary Education or UAQTE (PhP49.7 billion), Education Assistance and Subsidies (PhP30.1 billion²), Development, Reproduction, and Delivery of Learning Resources for the Basic Education-Learning Continuity Plan (PhP15.1 billion), and the Department of Education's Computerization Program (PhP11.6 billion), among others.

Additionally, PhP475.9 billion is intended for social security, welfare, and employment. This amount is markedly higher by 27.2 percent than its 2021 level of PhP374.3 billion, mainly due to the PhP80.1 billion increase in the Pension and Gratuity Fund for 2022, as well as the higher budgetary allocations for the Department of Social Welfare and Development (DSWD) and the Department of Labor and Employment (DOLE).

Some PhP252.4 billion will be allotted to the health subsector to augment the capacity and emergency response capabilities of the country's health system. This will fund, among others, the National Health Insurance Program (PhP80.0 billion), Health Facilities Enhancement Program (PhP19.6 billion), Medical Assistance to Indigent Patients (PhP17.0 billion), and Human Resources for Health Program (PhP17.0 billion).

2. Economic Services. To help enhance the country's industrial and agricultural production capacities and energize the economy, Economic Services will receive the second largest share of the proposed Budget, equivalent to 29.3 percent or PhP1.474 trillion. Of this amount, PhP771.8 billion will be provided for the communications, roads, and other transport subsector, as the government continues to intensify the implementation of priority infrastructure projects under the *Build, Build, Build* Program in order to generate more jobs and spur economic growth.

Other engines of growth and development will also be supported, such as agriculture and agrarian reform (PhP152.1 billion), water resources development and flood control (PhP90.0 billion), natural resources and environment (PhP27.1 billion), power and energy (PhP14.1 billion), trade and industry (PhP11.9 billion), tourism (PhP6.7 billion), and other economic services (PhP39.7 billion).

3. General Public Services. A total of PhP862.7 billion is proposed for General Public Services, taking up 17.2 percent of the proposed Budget and higher by 15.4 percent than the previous year's allocation of PhP747.8 billion. This amount will be used for the general administration of departments and agencies (PhP190.5 billion) and for ensuring public order and safety especially in quarantined areas (PhP321.0 billion). The Department of the Interior and Local Government (DILG) will receive PhP240.8 billion of the total public order

and safety budget to improve its police, fire protection, and jail services.

4. Debt Burden (includes Net Lending). About 10.8 percent or PhP541.3 billion of the proposed Budget will be allotted to the Debt Burden, for the servicing of government debt. This covers interest payments on domestic and foreign debts, as well as net lending or advances to government corporations for payment of their maturing government-guaranteed debt/obligations.

As the government faced strained revenue collections and borrowed more to finance its COVID-19 response measures, the allocation for Debt Burden grew by 39.2 percent from PhP402.5 billion in 2020 to PhP560.2 billion in 2021. To ensure fiscal sustainability and gradually bring the deficit back to pre-pandemic levels, the government plans to reduce its borrowing costs in the succeeding years. Hence, the proposed 2022 amount for this sector decreased by 3.4 percent or PhP19.0 billion compared with the 2021 level.

5. Defense. The government has set aside 4.5 percent of the proposed Budget, or PhP224.4 billion, to fortify and modernize the country's combat and defense capabilities. This represents an increase of 8.5 percent over its 2021 allocation of PhP206.8 billion. Most of the budget will support the Department of National Defense (DND), in particular the Armed Forces of the Philippines (AFP), in strengthening domestic security and safeguarding national interest.

COFOG System

Developed by the Organisation for Economic Co-operation and Development (OECD), the COFOG System groups expenditure items in the National Budget into 10 sectors based on their function, purpose, or contribution to society. These are: (1) General Public Services; (2) Defense; (3) Public Order and Safety; (4) Economic Affairs; (5) Environmental Protection; (6) Housing and Community Amenities; (7) Health; (8) Recreation, Culture, and Religion; (9) Education; and (10) Social Protection. (See Table 2)

The first five sectors generally benefit the society as a whole, while the latter five are more focused on the people's individual welfare and development, especially those who belong to the vulnerable and marginalized groups. Each of the ten sectors can be further divided into subsectors.

Under the old/traditional method, the entire budget of an agency is usually lodged under only one of the five general sectors. On the other hand, the COFOG System, with its more elaborate groupings, provides greater precision and flexibility in determining which specific function or purpose each budgetary outlay directly contributes to, regardless of the implementing agency.

Furthermore, being an international standard, the COFOG System allows data to be readily compared across countries that adopt the same functional classification. It also enables a more accurate monitoring and analysis of government expenditures and the direction of policies over time.

Table 2. Budget by Sector (COFOG System), 2021–2022

(in billion Pesos, unless otherwise indicated)

Particulars	2021 GAA	2022 NEP	Increase/(Decrease)		% Share of the 2022 NEP
			PhP	% Change	
General Public Services, <i>of which:</i>	1,900.3	2,211.3	311.1	16.4	44.0
Executive and legislative organs, financial and fiscal affairs	764.6	1,031.9	267.3	35.0	20.5
Public debt transactions	546.0	527.1	(19.0)	(3.5)	10.5
General services	495.1	520.7	25.6	5.2	10.4
Education, <i>of which:</i>	749.0	774.4	25.4	3.4	15.4
Pre-primary and primary education	276.9	292.8	15.9	5.8	5.8
Secondary education	231.5	248.2	16.7	7.2	4.9
Tertiary education	106.7	114.1	7.4	6.9	2.3
Economic Affairs, <i>of which:</i>	697.5	756.3	58.9	8.4	15.1
Transport	546.3	591.2	44.9	8.2	11.8
Agriculture, forestry, fishing, and hunting	109.5	121.5	12.0	11.0	2.4
General economic, commercial, and labor affairs	15.3	14.1	(1.2)	(7.8)	0.3
Social Protection, <i>of which:</i>	456.5	509.2	52.7	11.5	10.1
<i>Pantawid Pamilya</i> Program	106.8	115.7	8.9	8.3	2.3
Survivors (Gender and Development, Internally Displaced Persons, and Disaster Relief Assistance)	81.6	76.1	(5.5)	(6.8)	1.5
Unemployment (Labor Standards, Minimum Wages, Emergency Employment, etc.)	24.1	25.9	1.8	7.4	0.5
Old age (Senior citizens)	23.6	23.7	0.1	0.3	0.5
Public Order and Safety, <i>of which:</i>	259.7	268.9	9.2	3.5	5.4
Police services	170.4	176.0	5.7	3.3	3.5
Law courts	33.1	33.2	0.2	0.5	0.7
Fire protection services	22.6	23.7	1.1	4.9	0.5
Prisons	20.8	23.1	2.3	11.3	0.5
Health, <i>of which:</i>	221.6	248.4	26.7	12.1	4.9
Health insurance	71.4	80.0	8.6	12.0	1.6
Public health services	78.1	70.7	(7.4)	(9.4)	1.4
Hospital services	67.2	67.8	0.7	1.0	1.4
Defense, <i>of which:</i>	184.7	201.8	17.0	9.2	4.0
Military defense	182.2	200.2	17.9	9.8	4.0
Civil defense	1.5	1.5	0.0	(1.1)	0.0
Housing and Community Amenities, <i>of which:</i>	8.0	25.6	17.6	220.0	0.5
Water supply	5.1	21.6	16.5	319.8	0.4
Community development	1.8	2.1	0.2	12.2	0.0
Housing development	1.0	1.5	0.5	47.0	0.0
Environmental Protection, <i>of which:</i>	24.1	24.4	0.3	1.4	0.5
Protection of biodiversity and landscape	9.5	10.4	0.9	9.1	0.2
Waste management	3.3	3.9	0.6	18.8	0.1
Pollution abatement	2.8	2.8	0.0	0.4	0.1
Recreation, Culture, and Religion, <i>of which:</i>	4.6	3.3	(1.3)	(28.3)	0.1
Cultural services	2.1	1.5	(0.6)	(28.9)	0.0
Broadcasting and publishing services	0.7	0.6	(0.0)	(1.6)	0.0
Recreational and sporting services	1.3	0.6	(0.7)	(56.2)	0.0

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

1. General Public Services. Among the sectors under the COFOG System, General Public Services will receive the biggest allocation, amounting to PhP2.211 trillion or 44.0 percent of the proposed 2022 National Budget and inching up by 16.4 percent over its 2021 level of PhP1.900 trillion. This will be used to cover expenses for lawmaking, fiscal management, foreign affairs, and other regulatory services.

The top three recipient subsectors under this function are: (1) executive and legislative organs, financial and fiscal affairs with PhP1.032 trillion, inclusive of the PhP959.0 billion National Tax Allotment (NTA) for local government units (LGUs); (2) public debt transactions with PhP527.1 billion, inclusive of interest payments only and excludes net lending; and (3) general services with PhP520.7 billion, primarily for general administration and support of all government agencies.

2. Education. Coming in second is Education, with an allocation of PhP774.4 billion, or equivalent to 15.4 percent of the proposed Budget and higher by 3.4 percent than the previous year's PhP749.0 billion. To mold a globally competitive human capital, the government continues to expand the Philippine learning system by providing some PhP292.8 billion for pre-primary and primary education, PhP248.2 billion for secondary education, PhP114.1 billion for tertiary education, PhP14.3 billion for technical-vocational education, PhP7.2 billion for the expansion and enhancement of school buildings, and PhP5.0 billion for educational research and development (R&D), among others.

The above-mentioned budgets will fund, among others, the operations of schools and other educational facilities, literacy programs, scholarship grants, creation and filling up of teaching and non-teaching positions, and the digitization of learning resources to address the changes in the education landscape brought about by the pandemic.

3. Economic Affairs. In line with the government's thrust towards national economic recovery, the Economic Affairs sector will be given PhP756.3 billion or 15.1 percent of the proposed Budget for 2022 to finance activities that will build the competitiveness and productivity of industries and provide more economic opportunities in the provinces and rural areas. This represents an 8.4 percent growth from the PhP697.5 billion allocation provided for this sector in 2021.

Among the subsectors under this function, Transport will receive the heftiest share at PhP591.2 billion, in view of the Administration's flagship *Build, Build, Build* Program. This will mostly fund the infrastructure programs and projects of the Department of Public Works and Highways (DPWH) and the Department of Transportation (DOTr), such as the construction and development of road networks, flood control systems, and railways.

Meanwhile, agriculture, forestry, fishing, and hunting grew by 11.0 percent at PhP121.5 billion, to ensure food security and adequate food supply even amid the ongoing health

crisis. This will mostly cover the expenses to be incurred by the National Irrigation Administration (NIA) and the corporations and agencies of the Department of Agriculture for irrigation services, fisheries development, buffer stocking, and provision of crop insurance and credit support for poor farmers and fisherfolk, among others.

4. Social Protection. To protect socially and economically disadvantaged groups that are also the most vulnerable to the adverse effects of the COVID-19 pandemic, PhP509.2 billion is earmarked for Social Protection, representing 10.1 percent of the proposed Budget. Higher by 11.5 percent than the previous year's level of PhP456.5 billion, the proposed allocation for this sector includes the PhP115.7 billion subsidy for the *Pantawid Pamilyang Pilipino* Program (4Ps) of the DSWD. Through the 4Ps, about 4.4 million households are expected to be provided educational and health grants and rice subsidies. These target beneficiaries are composed mostly of indigenous peoples, informal settlers, families in geographically isolated and disadvantaged areas (GIDAS), and farmers and fisherfolk identified by the *Listahanan*.

Some PhP76.1 billion will be for survivors (gender and development, internally displaced persons, and disaster relief assistance), while PhP25.9 billion will be provided to address unemployment. Also, PhP23.5 billion is set aside for the provision of a monthly PhP500.00 cash assistance for 3.8 million indigent senior citizens.

5. Public Order and Safety. The PhP268.9 billion allotted for this sector will be used to sustain and strengthen the Administration's crime-fighting and peace-promoting initiatives in 2022. This amount is equivalent to 5.4 percent of the proposed Budget and higher by 3.5 percent than its 2021 allotment of PhP259.7 billion. Police services will get the highest share of the public order and safety budget at PhP176.0 billion, of which PhP172.1 billion will go to the Philippine National Police. This is followed by law courts at PhP33.2 billion, fire protection services at PhP23.7 billion, and prisons at PhP23.1 billion.

6. Health. With the emergence of more contagious coronavirus variants, triggering expected surges in infections, bolstering the capacity of the national health system is clearly and urgently needed. Thus, 4.9 percent, or PhP248.4 billion, of the proposed 2022 expenditure program will be funneled to the Health sector. This represents an increase of 12.1 percent over its 2021 allocation of PhP221.6 billion.

The health insurance subsector takes up the biggest share at PhP80.0 billion to ensure every Filipino's access to quality and affordable health services and financial risk protection during the pandemic through the National Health Insurance Program (NHIP). For 2022, the NHIP targets to subsidize the health insurance premiums of 7.3 million senior citizens, 13.2 million indigent families identified under the National Household Targeting System for Poverty Reduction of the DSWD, 1.2 million financially-incapable Point-of-Service patients, 0.1 million unemployed persons with disabilities,

and 0.025 million families under the *Payapa at Masaganang Pamayanan* (PAMANA) Program.

Hospital and Public Health Services will receive PhP67.8 billion and PhP70.7 billion, respectively, to fund the operations of general and specialty hospitals, maternity centers, nursing homes, military base hospitals, rehabilitation centers, *barangay* health stations, and rural health units, among others.

7. Defense. Out of the total PhP201.8 billion budget for Defense, around 99.0 percent or PhP200.2 billion will go to the Department of National Defense for military defense. This also covers the PhP35.0 billion requirement for the Revised AFP Modernization Program. Other components of the Defense sector budget include civil defense (PhP1.5 billion), R&D on defense (PhP51 million), and defense against cybercrimes (PhP28 million).

8. Housing and Community Amenities. The share of Housing and Community Amenities ballooned by 220.0 percent from PhP8.0 billion in 2021 to PhP25.6 billion in 2022, the largest increase among the other COFOG sectors. This upsurge is attributable to the higher provision for water supply amounting to PhP21.6 billion, representing a 319.8 percent increase over its previous year's level of PhP5.1 billion. The housing and community development subsectors also received larger budget allocations for 2022, with PhP1.5 billion and PhP2.1 billion, respectively.

9. Environmental Protection. To promote sustainable development and reduce the hazardous impacts of climate change on the environment, some PhP24.4 billion or 0.5 percent of the proposed 2022 National Budget is earmarked for Environmental Protection. Mainly, it will support the services and measures implemented by the Department of Environment and Natural Resources (DENR) and other pertinent agencies to control and minimize pollution on the country's natural resources and conserve ecological integrity and diversity. Key subsectors include the following: protection of biodiversity and landscape (PhP10.4 billion), waste management (PhP3.9 billion), and pollution abatement (PhP2.8 billion).

10. Recreation, Culture, and Religion. With public expenditures for health care and other pandemic-related services given priority, the allotment for Recreation, Culture, and Religion declined by 28.3 percent from PhP4.6 billion in 2021 to PhP3.3 billion in 2022. Equivalent to 0.1 percent of the proposed 2022 National Budget, the said amount will support the preservation and promotion of Philippine culture and heritage. The subsectors under this function with the highest shares are cultural services (PhP1.5 billion), followed by broadcasting and publishing services (PhP647 million) and recreational and sporting services (PhP571 million), among others.

B. By Expense Class

Items in the National Budget may be classified into four general expenditure clusters, specifically on the basis of economic classification or the processes/inputs involved in the fulfillment of the responsibilities of the government. These are Personnel Services (PS), Maintenance and Other Operating Expenses (MOOE), Capital Outlays (CO), and Financial Expenses (FinEx). Among these, MOOE usually gets the largest cut of the total budget pie.

For 2022, 41.3 percent of the proposed National Budget will go to MOOE, 29.0 percent will be for PS, 19.5 percent for CO and net lending, and 10.2 percent for FinEx. (*See Table 3*)

Maintenance and Other Operating Expenses. To support the day-to-day operations and functions of the government, PhP2.073 trillion is set aside for MOOE, posting the biggest increase among the expense classes at 18.8 percent, owing to the expansion of the Administration's banner social and economic programs. Also covered by this amount are the agencies' expenses for basic utilities (e.g., water and power), supplies and materials, transportation, training and seminars, and repairs and maintenance.

Among the departments, the DSWD will receive the largest MOOE share at PhP180.0 billion for the implementation of the 4Ps and other social welfare programs and projects.

Table 3. Budget by Expense Class, 2021-2022
(in billion Pesos, unless otherwise indicated)

Particulars	2021 GAA	2022 NEP	Increase/(Decrease)		% Share of the Budget	
			PhP	% Change	2021 GAA	2022 NEP
MOOE	1,744.9	2,072.6	327.6	18.8	38.7	41.3
PS	1,299.6	1,456.1	156.5	12.0	28.8	29.0
CO (includes Net Lending)	928.8	981.1	52.3	5.6	20.6	19.5
FinEx	532.7	513.8	(18.8)	(3.5)	11.8	10.2
Total	4,506.0	5,023.6	517.6	11.5	100.0	100.0

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

The proposed budget for MOOE also includes the bulk of the Allocations to LGUs (ALGU), particularly the PhP959.0 billion earmarked for the NTA, PhP74.8 billion for the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), and PhP51.2 billion for the Local Government Support Fund (LGSF).

Personnel Services. A total of PhP1.456 trillion is allotted to PS for the payment of salaries, benefits, allowances, and other compensation of government officials and employees. Compared with its 2021 level of PhP1.300 trillion, the PS budget for 2022 inched up by 12.0 percent to fund the requirements for the implementation of the third tranche of the Salary Standardization Law (SSL) V, hiring of additional health care workers and teachers, and payment of pension arrears of military and uniformed personnel (MUP), among others.

Capital Outlays. This expense class covers the purchase of goods and services, the benefits of which extend beyond the fiscal year and which add to the government's assets. Infrastructure outlays, such as the construction of roads, bridges, schools, and hospitals, fall under this category. As the government continues to prioritize infrastructure development under the *Build, Build, Build* Program to boost the economy, CO will get a 5.6 percent increase, from PhP928.8 billion in 2021 to PhP981.1 billion in 2022. Of this total, the DPWH and the DOTr will receive a combined allocation of PhP778.7 billion. The total CO budget for 2022 also includes PhP28.7 billion for net lending.

Financial Expenses. For 2022, some PhP513.8 billion will be for FinEx. This is intended for the payment of financial charges incurred in the process of owning or borrowing an asset or property, such as interest expenses, bank charges, commitment fees, guarantee fees, and trusteeship fees, among others. Relative to the previous year's level of PhP532.7 billion, the proposed FinEx allotment for 2022 decreased by 3.5 percent on account of the reduced funding for debt interest payments.

C. By Recipient Entity

Tracking expenditure items by recipient entity provides another insightful perspective of the National Budget. The major recipients of the Budget are the National Government Agencies (NGAs), LGUs, GOCCs, and Creditors, as listed in Table 4.

Expectedly, NGAs will receive the largest share, amounting to PhP3.188 trillion or 63.5 percent of the proposed Budget, to finance their programs, activities, and projects that are aligned with the Administration's priorities for 2022. Said amount is inclusive of transfers from special purpose funds and tax expenditures, and is higher by 8.3 percent than the PhP2.943 trillion allotted in 2021. The Education sector, composed of the DepEd, Commission on Higher Education (CHED), State Universities and Colleges (SUCs), and Technical Education and Skills Development Authority (TESDA), will get the biggest cut of the NGA allocation, with an aggregate total of PhP773.6 billion.

PhP1.116 trillion will be provided for the LGUs, equivalent to 22.2 percent of the total proposed expenditure program. This grew by 32.2 percent over the previous year's PhP844.6 billion, the highest recorded among the recipients, mainly due to the increase in the just shares of LGUs in the national taxes as a result of the Supreme Court (SC) Ruling on the Mandanas-Garcia Case. The PhP69.0 billion expansion of the CO expenses of LGUs may be largely attributed to the expansion of the Development Fund of LGUs which represents not less than 20 percent of its National Tax Allotment.

GOCCs will get PhP178.0 billion in 2022, making up 3.5 percent of the proposed Budget and 12.4 percent higher than the 2021 level of PhP158.4 billion. Of this amount, PhP136.1 billion in equities and subsidies will be provided as support to GOCCs and PhP42.0 billion will be for infrastructure outlays. Corporations under the DOH, including the Philippine Health Insurance Corporation, will receive the highest budget among the GOCCs, totalling PhP84.7 billion.

Table 4. Budget by Recipient Entity, 2021-2022
(in billion Pesos, unless otherwise indicated)

Particulars	2021 GAA (Adjusted)	2022 NEP	Increase/(Decrease)		% Share of the Budget	
			PhP	% Change	2021 GAA (Adjusted)	2022 NEP
NGAs	2,942.8	3,187.9	245.1	8.3	65.3	63.5
LGUs	844.6	1,116.4	271.8	32.2	18.7	22.2
Creditors (includes net lending)	560.2	541.3	(19.0)	(3.4)	12.4	10.8
GOCCs	158.4	178.0	19.7	12.4	3.5	3.5
Total	4,506.0	5,023.6	517.6	11.5	100.0	100.0

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

Table 5. Budget by Department and SPFs, 2021-2022

(in billion Pesos, unless otherwise indicated)

Particulars	2021 GAA	2022 NEP	Increase/(Decrease)		% Share of the Budget	
			PhP	% Change	2021 GAA	2022 NEP
Departments and Agencies	2,713.1	2,869.2	156.1	5.8	60.0	57.0
SPFs	1,792.9	2,154.4	361.5	20.1	40.0	43.0
Total	4,506.0	5,023.6	517.6	11.5	100.0	100.0

Note: Figures are inclusive of automatic appropriations and may not add up due to rounding off.

The government will also allocate 10.8 percent of the proposed Budget, or PhP541.3 billion, for loan repayments to Creditors. This is down by 3.4 percent from the previous year's allocation of PhP560.2 billion, as the government plans to cut down on its borrowing expenses to gradually bring the budget deficit back to pre-pandemic levels. The amount also includes PhP28.7 billion for net lending.

D. By Department and Special Purpose Fund

The proposed PhP5.024 trillion FY 2022 National Budget is allocated among the government's departments/agencies and special purpose funds (SPFs). The bulk of the proposed Budget, amounting to PhP2.869 trillion or 57.0 percent, goes to the departments and agencies; while the remaining PhP2.154 trillion or 43.0 percent is earmarked for SPFs. Due to the substantial increase in the just shares of LGUs in the national taxes following the implementation of the SC ruling on the Mandanas-Garcia Case in 2022, the allocation for SPFs increased by 20.1 percent over the 2021 level. (See Table 5 and succeeding portions of this section for more information)

Top 10 Departments

A closer look at the departments with the highest budget allocations shows the government's priorities for the fiscal year. For 2022, PhP2.710 trillion, or 53.9 percent of the proposed 2022 National Budget, will go to the top 10 recipient-departments. (See Table 6) Said amount, inclusive of automatic appropriations, is higher by 5.8 percent than the 2021 level of PhP2.563 trillion.

Almost all of the top 10 recipient-departments retained their last year's rankings, with the exception of DOTr overtaking Agriculture at the seventh spot with PhP151.3 billion. The transportation department also received the largest increase (72.2 percent), followed by DOLE (20.9 percent) and Health (15.1 percent).

1. Education (DepEd, SUCs, CHED, TESDA). Topping the list is the Education sector with PhP773.6 billion, following the Constitutional mandate that the State should assign the highest budget priority to education. This comprises 28.5 percent of the combined allocation for the top 10 departments, and 15.4 percent of the proposed Budget. Of this amount, the DepEd will get the largest share at PhP630.8 billion for basic education, including the development, reproduction, and

Table 6. Top 10 Recipient-Departments, 2021-2022

(in billion Pesos, unless otherwise indicated)

Particulars	2021 GAA		2022 NEP		Increase/(Decrease)	
	PhP	Rank	PhP	Rank	PhP	% Change
Education (includes DepEd, SUCs, CHED, TESDA)	751.7	1	773.6	1	21.9	2.9
DPWH	695.7	2	686.1	2	(9.6)	(1.4)
DILG	249.3	3	250.4	3	1.0	0.4
Health (includes DOH, PhilHealth)	210.2	4	242.0	4	31.8	15.1
DND	205.8	5	222.0	5	16.2	7.9
DSWD	176.9	6	191.4	6	14.5	8.2
DOTr	87.9	8	151.3	7	63.4	72.2
Agriculture (includes DA, NIA)	102.7	7	103.5	8	0.8	0.8
The Judiciary	45.3	9	45.0	9	(0.3)	(0.7)
DOLE	37.1	10	44.9	10	7.8	20.9
Total	2,562.6	-	2,710.1	-	147.5	5.8

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

delivery of learning resources under the Basic Education-Learning Continuity Plan, in view of changes in the learning landscape brought about by the COVID-19 pandemic. This is followed by SUCs at PhP75.5 billion, CHED at PhP52.6 billion, and TESDA at PhP14.7 billion.

The 2.9 percent net increase in the Education sector budget can be attributed to the higher allotment for personnel services consequent to the implementation of the third tranche of the SSL V, as well as the bigger provisions for the Computerization Program of the DepEd and the UAQTE under the CHED. *(See the Education section for more details.)*

2. Department of Public Works and Highways (DPWH).

As the engineering and construction arm of the government, the DPWH will receive PhP686.1 billion, of which PhP655.0 billion will be used to fund the PhP1.180 trillion programmed infrastructure outlay for 2022. This will be spent for the building of vital public and social infrastructure, such as road and bridge networks, flood control facilities, and access roads, to support the momentum towards economic recovery. Compared with its 2021 level, the proposed budget for DPWH declined by 1.4 percent or PhP9.6 billion due to the devolution of some infrastructure programs and projects to the LGUs following the expected implementation of the SC Ruling on the Mandanas-Garcia Case next year.

Some 55.2 percent, or PhP378.7 billion, of the DPWH budget is earmarked for the agency's core programs, particularly the Road Network Development Program (PhP148.9 billion), Flood Management Program (PhP131.1 billion), Asset Preservation Program (PhP63.3 billion), and Bridge Program (PhP35.4 billion). *(See the Accelerating Strategic Infrastructure Development section for more details.)*

3. Department of the Interior and Local Government (DILG).

Coming in third place is the DILG with PhP250.4 billion, inching up by 0.4 percent over its previous year's budget of PhP249.3 billion due to the increase in the number of filled positions in the Bureau of Fire Protection (BFP) and Bureau of Jail Management and Penology (BJMP). The amount is intended for programs and projects that strengthen law enforcement and improve local governance. The bulk of this, or PhP190.7 billion, will go to the Philippine National Police (PNP) to increase its crime solution efficiency and intensify police visibility especially in areas under quarantine. *(See the Maintaining Public Order and Safety section for more details.)*

4. Health (DOH, PhilHealth).

Containing the spread of COVID-19 is the first step in building resiliency against the pandemic. Hence, a total of PhP242.0 billion will be provided for the Department of Health (DOH) and the Philippine Health Insurance Corporation (PhilHealth) in 2022, to support the government's proactive COVID-19 response efforts and the upgrading of the health care system. Of this amount, PhP162.0 billion will finance the banner health programs, projects, and operations of the DOH, while the remaining PhP80.0 billion will be allotted for the National Health Insurance Program (NHIP) of the PhilHealth to ensure universal health care.

Several factors contributed to the 15.1 percent growth of the Health sector budget. First, the allocation for the DOH's Health Facilities Enhancement Program more than doubled, from PhP7.8 billion in 2021 to PhP19.6 billion in 2022, to construct, rehabilitate, upgrade, and equip health care facilities and to cover the requirements for newly established government hospitals. New COVID-19-related expenditures will also be funded, such as the purchase of GeneXpert cartridges and other laboratory supplies for COVID-19 testing (PhP5.1 billion); emergency hiring of COVID-19 human resources for health (PhP3.8 billion); and the operations of the One Hospital Command Center (PhP106 million). Another factor is the increase in the annual health insurance premium rate for indigents and point-of-service patients from PhP2,400 to PhP3,000 under the NHIP. *(See the Health and Nutrition section for more details.)*

5. Department of National Defense (DND).

To enhance the Philippine military's abilities in defending national territory and sovereignty, the DND will receive PhP222.0 billion in 2022. Retaining its rank, the defense department received a 7.9 percent increase over its 2021 allocation of PhP205.8 billion. This is on account of the higher budgetary requirement for the Revised AFP Modernization Program, amounting to PhP35.0 billion, which will be used to procure state-of-the-art surveillance, communications, and defense equipment for the country's land, air, and naval troops. Most of the DND budget will support the AFP in defending the nation from external threats. *(See the Maintaining Public Order and Safety section for more details.)*

6. Department of Social Welfare and Development (DSWD).

Social welfare continues to be a top priority of the government to protect those who are most vulnerable to the harsh effects of the COVID-19 health crisis. Thus, the DSWD remains at sixth place with PhP191.4 billion, up by 8.2 percent compared with its previous budget of PhP176.9 billion, to bankroll flagship social protection programs and services such as the *Pantawid Pamilyang Pilipino* Program (4Ps), provision of social pension for indigent senior citizens, Sustainable Livelihood Program, Supplementary Feeding Program, and the *Balik Probinsya, Bagong Pag-asa* Program. The allocation increased to cover the higher requirements for personnel services under the 4Ps, particularly for the conversion of 3,030 contract-of-service positions to contractual positions. *(See the Social Protection section for more details.)*

7. Department of Transportation (DOTr).

From PhP87.9 billion in 2021, the proposed budget of the DOTr grew by 72.2 percent to PhP151.3 billion in 2022, recording the largest increase among the departments. Of this amount, the Rail Transport Program corners PhP110.9 billion to operate, strengthen, and modernize the country's railroad networks, with PhP58.6 billion allocated for the North-South Commuter Railway System Project and PhP34.6 billion for Phase I of the Metro Manila Subway Project. Also, PhP1.7 billion will be used for the construction and rehabilitation of airports under the Aviation Infrastructure Program, while PhP550 million will fund the new Sorsogon RoRo Terminal

Expansion Project under the Maritime Infrastructure Program. *(See the Accelerating Strategic Infrastructure Development section for more details.)*

8. Agriculture (DA and NIA). Never losing sight of its vision of a food-secure Philippines with prosperous farmers and fisherfolk, the government continually invests in agricultural development and modernization. For 2022, a total of PhP103.5 billion will be channeled to the programs, projects, and services of the Department of Agriculture or DA (PhP72.0 billion) and the National Irrigation Administration or NIA (PhP31.5 billion) to boost agricultural productivity, assist food producers, and modernize the agriculture sector.

The DA budget increased by PhP975 million over the 2021 level of PhP71.0 billion, as it includes funding for new foreign-assisted projects, such as the Second Additional Financing for the Philippine Rural Development Project (PhP6.3 billion) and the Solar Powered Fertigation System Project (PhP1.0 billion). Also covered is the PhP4.1 billion for swine recovery and repopulation in areas affected by the African Swine Fever outbreak, under the DA's National Livestock Program. *(See the Attaining Food Security section for more details.)*

9. The Judiciary. To ensure the fair and swift resolution of cases in the country's courts despite the pandemic, PhP45.0 billion will be provided for the Judiciary. This is lower by 0.7 percent than its previous level of PhP45.3 billion because of non-recurring expenses in the 2021 National Budget. Of this amount, PhP39.8 billion will fund the operations of the Supreme Court of the Philippines and the Lower Courts (SCPLC). The total SCPLC budget also covers the PhP1.3 billion for the construction of various Halls of Justice. *(See the Pursuing Swift and Fair Administration of Justice section for more details.)*

10. Department of Labor and Employment (DOLE). With a proposed budget of PhP44.9 billion for 2022, the DOLE registered the second largest growth among the departments while placing 10th place overall. The 20.9 percent increase in its budget will cover the higher requirements for the Emergency Repatriation Program of the Overseas Workers' Welfare Administration (OWWA), from PhP6.2 billion in 2021 to PhP11.2 billion in 2022. In addition to this, the *Tulong Panghanapbubay sa Ating* Disadvantaged/Displaced Workers (TUPAD) Program and Government Internship Program (GIP) will be provided PhP21.0 billion, PhP2.0 billion more than its allocation last year. *(See the Labor and Employment section for more details.)*

Special Purpose Funds

Some PhP2.154 trillion, comprising 43.0 percent of the total proposed expenditure program for 2022, will go to Special Purpose Funds (SPFs). Compared with its 2021 level of PhP1.793 trillion, the proposed amount for SPFs is up by 20.1 percent or PhP361.5 billion, mainly because of the significant increase in the National Tax Allotment to support the LGUs in fulfilling their devolved functions and services pursuant to

Section 17 of the Local Government Code of 1991 and other pertinent laws.

SPFs are budgetary allocations set aside for particular socioeconomic purposes and whose specific recipients are not yet identified until budget execution. To promote better transparency and accountability, the government has reduced the number of SPFs by integrating some into the regular budgets of agencies concerned.

There are two types of SPFs: (1) disaggregated and (2) lump sum. Disaggregated SPFs refer to funds with specific details or purposes for which they are intended. An SPF with specific programs/projects and/or recipient agencies qualifies as a disaggregated SPF. Lump sum SPFs, on the other hand, are not yet disaggregated during budget preparation and legislation and are only made available for release to agencies when the National Budget is enacted, once specific conditions are met. *(See Table 7 for a summary of SPFs in the proposed Budget)*

Disaggregated SPFs. For 2022, disaggregated SPFs will reach PhP538.9 billion, representing 25.0 percent of the total SPF allocation. The amount translates to a net increase of 29.1 percent over the 2021 level of PhP417.5 billion. Big-ticket items under this type of SPF are the following: Budgetary Support to Government Corporations (BSGC), Pension and Gratuity Fund (PGF), and Miscellaneous Personnel Benefits Fund (MPBF). Also included here are some funds under the Allocation to LGUs (e.g., Local Government Support Fund or LGSF, Share of LGUs in the Proceeds of National Taxes, Special Development Fund and Share in Taxes of the BARMM, and Metropolitan Manila Development Authority).

While the BSGC takes up the bulk of the budget for disaggregated SPFs with PhP178.0 billion, the PGF posted the largest growth rate at 52.4 percent, increasing by PhP80.1 billion from the previous PhP152.9 billion to PhP232.9 billion. This will cover the payment of the 2018 pension arrears and other retirement benefits of military and uniformed personnel, as well as those of current and retired government employees.

LGSF gets the next biggest increase at 45.3 percent, from PhP35.2 billion in 2021 to PhP51.2 billion in 2022. Of this amount, PhP28.1 billion will go to the Support to the *Barangay* Development Program, to fund various infrastructure projects and provide assistance to indigent individuals or families in 1,406 cleared *barangays* certified by the National Task Force to End Local Communist Armed Conflict (NTF-ELCAC). Also, PhP13.1 billion will be provided as financial assistance to LGUs, while PhP10.0 billion is earmarked for the establishment of a Growth Equity Fund to aid LGUs that are financially incapable and technically-constrained in the implementation of devolved services.

Lump Sum SPFs. About 1.6 percent, or PhP33.7 billion, of the proposed 2022 SPF budget are considered as lump sum funds. These are composed of the National Disaster Risk Reduction and Management Fund or NDRRMF (PhP20.0

Table 7. Special Purpose Funds, 2021-2022

(in billion Pesos, unless otherwise indicated)

Particulars	2021 GAA	2022 NEP	Increase/ (Decrease)		% Share of Total SPF Budget	
			PhP	% Change	2021 GAA	2022 NEP
Disaggregated SPFs	417.5	538.9	121.4	29.1	23.3	25.0
Budgetary Support to Government Corporations (excludes net lending)	158.4	178.0	19.7	12.4	8.8	8.3
Allocation to LGUs	76.9	89.7	12.8	16.6	4.3	4.2
Share in the Proceeds of Taxes	28.3	26.3	(2.0)	(7.1)	1.6	1.2
Local Government Support Fund	35.2	51.2	15.9	45.3	2.0	2.4
Metropolitan Manila Development Authority	4.8	4.5	(0.4)	(7.4)	0.3	0.2
BARMM-Special Development Fund and Share in Taxes	8.6	7.8	(0.8)	(9.6)	0.5	0.4
Miscellaneous Personnel Benefits Fund	29.3	38.2	8.9	30.5	1.6	1.8
Pension and Gratuity Fund	152.9	232.9	80.1	52.4	8.5	10.8
Lump Sum Funds	33.5	33.7	170.9	0.5	1.9	1.6
National Disaster Risk Reduction and Management Fund	20.0	20.0	0.0	0.0	1.1	0.9
Contingent Fund	13.0	13.0	0.0	0.0	0.7	0.6
Allocation to LGUs	0.5	0.7	0.2	33.6	0.0	0.0
Barangay Officials Death Benefits	0.1	0.1	0.0	0.0	0.0	0.0
Share in the Proceeds of Fire Code Fees	0.5	0.6	0.2	37.3	0.0	0.0
Automatic Appropriations	1,341.9	1,581.8	239.9	17.9	74.8	73.4
National Tax Allotment or formerly IRA (Disaggregated)	695.5	959.0	263.5	37.9	38.8	44.5
BARMM-Block Grant (Disaggregated)	71.7	67.0	(4.7)	(6.6)	4.0	3.1
Net Lending (Disaggregated)	28.7	28.7	0.0	0.0	1.6	1.3
Tax Expenditure Fund (Lump sum)	14.5	14.5	0.0	0.0	0.8	0.7
Interest Payments (Lump sum)	531.5	512.6	(19.0)	(3.6)	29.6	23.8
Total	1,792.9	2,154.4	361.5	20.1	100.0	100.0

Note: Figures are inclusive of automatic appropriations (net of Retirement and Life Insurance Premiums and Special Accounts in the General Fund) and may not add up due to rounding off.

billion), Contingent Fund (PhP13.0 billion), and Allocation to LGUs (PhP0.7 billion). The marginal increase of 0.5 percent in the proposed level for these SPFs is attributed to the higher share of LGUs in the proceeds of fire code fees, from PhP459 million in 2021 to PhP629 million in 2022.

Recipient programs and projects for lump sum SPFs cannot be programmed specifically in the proposed Budget due to the nature of the purposes that these funds serve. For instance, the NDRRMF is allotted to provide aid, relief, and rehabilitation services to communities and areas affected by natural and human-induced calamities. As such, the Fund cannot be broken down into recipient programs/projects since disasters and the extent of damage resulting from them cannot be predicted when the Budget is being prepared.

Automatic Appropriations. The biggest portion of the aggregate SPF budget, amounting to PhP1,582 trillion or 73.4

percent, will go to automatically appropriated SPFs. These funds, which can also be categorized as disaggregated or lump sum, do not need annual approval by the Congress since they are already covered and authorized by existing enabling laws.

Pursuant to the SC Ruling on the Mandanas-Garcia Case, the just share of the LGUs in national revenue collections is now computed at 40 percent of all taxes and duties collected by the National Government through the Bureau of Internal Revenue (BIR), the Bureau of Customs (BOC), and other collecting agencies, instead of 40 percent of national internal revenue taxes collected only by the BIR. This resulted in the 37.9 percent increase of the National Tax Allotment (formerly known as the Internal Revenue Allotment) shares of the LGUs, from PhP695.5 billion in 2021 to PhP959.0 billion in 2022.

Table 8. Sources of Appropriation of the Programmed National Budget, 2021-2022

(in billion Pesos, unless otherwise indicated)

Particulars	2021 GAA	2022 NEP	Increase/(Decrease)		% Share of the Programmed Budget	
			PhP	% Change	2021 GAA	2022 NEP
Programmed New General Appropriations	3,086.8	3,350.7	263.9	8.5	68.5	66.7
Automatic Appropriations	1,419.2	1,672.9	253.7	17.9	31.5	33.3
Total	4,506.0	5,023.6	517.6	11.5	100.0	100.0

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

Other automatically appropriated SPFs are the annual block grant for the BARMM (PhP67.0 billion), net lending (PhP28.7 billion), tax expenditure fund (PhP14.5 billion), and interest payments (PhP512.6 billion).

E. By Appropriation Source

When classifying the National Budget by source of appropriation, the largest portion goes to New General Appropriations, the items of which are submitted annually to the Congress for enactment. The rest consists of Automatic Appropriations, which do not require annual legislative approval since they are already programmed in the Budget every year by virtue of existing laws. (See Table 8)

New General Appropriations

For 2022, New General Appropriations, composed of Programmed New General Appropriations and Unprogrammed Appropriations, will reach PhP3.502 trillion. Of this amount, PhP3.351 trillion is allotted for Programmed New General Appropriations, up by 8.5 percent over the 2021 level of PhP3.087 trillion. The bulk of this, or equivalent to PhP2.798 trillion, will support the programs, activities, and projects of national government agencies, while PhP552.3 billion is earmarked for Special Purpose Funds (SPFs). Despite the increase in the value of the allocation for Programmed New General Appropriations, its share of the total programmed Budget declined to 66.7 percent in 2022 from the previous year's 68.5 percent.

The remaining PhP151.6 billion is set aside for Unprogrammed Appropriations, 14.0 percent lower than the PhP176.3 billion in 2021. These standby funds are not included in the computation of the programmed annual Budget since they may only be tapped when revenue collections in any identified sources exceed targets and when grants or foreign loans have been secured.

About 30.0 percent or PhP45.4 billion of the Unprogrammed Appropriations is intended to ensure the procurement of 94 million COVID-19 vaccine booster shots for fully vaccinated Filipinos. Other salient items include the PhP27.7 billion for support for infrastructure projects and social programs, PhP25.0 billion for the conversion of National Government

advances into subsidy for GOCCs, PhP20.2 billion for support to foreign-assisted projects, and PhP15.0 billion for the Risk Management Program.

Automatic Appropriations

As previously mentioned, Automatic Appropriations refers to the part of the National Budget that does not require periodic action and approval by Congress since expenditure items under it are automatically appropriated by their enabling laws, and thus they are not included in the General Appropriations Act.

Automatically appropriated items in the proposed 2022 expenditure program total PhP1.673 trillion, constituting a 33.3 percent share. The 17.9 percent net increase over its 2021 level of PhP1.419 trillion is mainly credited to the provision of the just share of LGUs in national tax collections in accordance with the implementation of the SC Ruling on the Mandanas-Garcia Case. From PhP695.5 billion in 2021, the National Tax Allotment (NTA) of LGUs will increase by 37.9 percent to PhP959.0 billion in 2022.

Other big-ticket items are the following: PhP512.6 billion for interest payments on government outstanding debt, PhP67.0 billion for the BARMM annual block grant, and PhP60.0 billion for the payment of retirement and life insurance premiums of civil servants.

F. By Region

In pursuit of equitable and inclusive development, 63.6 percent or PhP3.196 trillion of the proposed 2022 National Budget will be allotted to the regions. The remaining 36.4 percent, amounting to PhP1.828 trillion, comprises the non-regionalized budget which includes Nationwide and Central Office allocations. (See Table 9)

Regionalized Budget

As the government ensures adequate funding for programs and projects that aim to expand growth beyond Metro Manila, the proposed 2022 budget of PhP3.196 trillion for the regions is 2.7 percent higher than the previous year's PhP3.112 trillion.

Table 9. Regionalized and Non-Regionalized Budget, 2021-2022

(in billion Pesos, unless otherwise indicated)

Particulars	2021 GAA (Updated)	2022 NEP	Increase/(Decrease)		% Share of the Budget	
			PhP	% Change	2021 GAA (Updated)	2022 NEP
Regionalized Budget	3,112.4	3,195.8	83.4	2.7	69.1	63.6
National Capital Region (NCR)	812.5	997.2	184.7	22.7	18.0	19.9
Luzon	1,058.8	1,055.1	(3.7)	(0.3)	23.5	21.0
Visayas	473.6	487.1	13.4	2.8	10.5	9.7
Mindanao	767.5	656.5	(111.1)	(14.5)	17.0	13.1
Non-Regionalized Budget	1,393.6	1,827.8	434.2	31.2	30.9	36.4
Nationwide	996.6	1,584.1	587.5	59.0	22.1	31.5
Central Office	397.0	243.7	(153.4)	(38.6)	8.8	4.9
Total	4,506.0	5,023.6	517.6	11.5	100.0	100.0

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

Among the three major island groups, Luzon will get the lion's share of the regionalized budget at PhP1.055 trillion, slightly decreasing by 0.3 percent compared with its 2021 level of PhP1.059 trillion. Its top three recipient-regions are Region IV-A (PhP249.3 billion), Region III (PhP235.5 billion), and Region V (PhP162.4 billion). (See Table 10)

Next is Mindanao with PhP656.5 billion, dropping by 14.5 percent from PhP767.5 billion in 2021. Among the provinces in Mindanao, the ARMM gets the biggest allotment with PhP132.8 billion, followed by Region X with PhP125.1 billion and Region XI with PhP116.1 billion.

Although Visayas will receive the smallest portion at PhP487.1 billion, it is the sole island group that received a budget increase, recorded at 2.8 percent. This will be allocated as follows: PhP175.0 billion for Region VI, PhP167.2 billion for Region VII, and PhP144.9 billion for Region VIII.

Also under the regionalized budget is the PhP997.2 billion for NCR, markedly higher by 22.7 percent than its previous level of PhP812.5 billion. It includes allocations of departments/agencies whose offices are located in NCR (e.g., offices of the President, Vice President, and Legislature), as well as those that have regional representation and nationwide influence, but without regional operating units (e.g., Commission on Human Rights).

When examining the regionalized budget by expenditure per capita, it can be observed that Mindanao continues to get the largest share among the island groups (excluding NCR) with an average of PhP24,648. It is also interesting to note that the ARMM, with almost all of its provinces identified among the poorest in the country in 2018³, will have the biggest per capita allocation among the regions in Mindanao at PhP30,458.

Non-Regionalized Budget

The non-regionalized budget grew by 31.2 percent, from PhP1.394 trillion in 2021 to PhP1.828 trillion in 2022, consequently increasing its share of the total National Budget, from 30.9 percent to 36.4 percent. It covers expenditure items which cannot be disaggregated by region during budget preparation.

Majority of this amount, or PhP1.584 trillion, will go to Nationwide Allocations. These are budgetary provisions that will be distributed among the departments and agencies of the various regions, as well as multi-user SPFs⁴. The substantial 59.0 percent increase over the 2021 level of PhP996.6 billion is attributed to the expanded share of LGUs in the national taxes, lodged under the Allocation to Local Government Units (ALGUs).

The remaining PhP243.7 billion of the non-regionalized budget will be for Central Office Allocations, 38.6 percent lower than the previous year's PhP397.0 billion. This consists of funds being managed or utilized by head offices of the departments and agencies.

G. Intergovernmental Transfers to Local Government Units

The enactment of Republic Act (RA) No. 7160 or the Local Government Code (LGC) of 1991 paved the way for decentralization in the Philippines. Decentralization, a development reform which transfers some responsibilities and functions of the State to lower levels of government, is based on the premise that local governments are more aware of the needs of their constituencies and are thus more efficiently positioned to respond to them.

Table 10. Distribution of the Regionalized Budget, 2021-2022

(in billion Pesos, unless otherwise indicated)

Particulars	2021 GAA (Updated)	2022 NEP	Increase/ (Decrease) in PhP	Per Capita Allocation (in Pesos)
NCR	812.5	997.2	184.7	70,630
Luzon, net of NCR	1,058.8	1,055.1	(3.7)	21,197
CAR	82.5	71.7	(10.9)	39,012
Region I	124.0	126.8	2.7	23,685
Region II	106.5	114.1	7.6	30,615
Region III	232.0	235.5	3.5	18,534
Region IV-A	251.4	249.3	(2.1)	15,237
MIMAROPA	98.7	95.4	(3.4)	29,668
Region V	163.5	162.4	(1.1)	25,988
Visayas	473.6	487.1	13.4	23,145
Region VI	173.6	175.0	1.4	21,790
Region VII	160.4	167.2	6.7	20,518
Region VIII	139.6	144.9	5.3	29,776
Mindanao	767.5	656.5	(111.1)	24,648
Region IX	103.9	100.6	(3.3)	26,239
Region X	144.2	125.1	(19.1)	24,398
Region XI	166.5	116.1	(50.4)	21,298
Region XII	98.8	98.3	(0.5)	19,469
CARAGA	122.7	83.5	(39.2)	29,726
ARMM	131.4	132.8	1.4	30,458
Total Regionalized Budget	3,112.4	3,195.8	83.4	28,644

Note: Figures may not add up due to rounding off. Per capita allocations are computed based on the projected mid-year population of the Philippine Statistics Authority (as of July 1, 2022).

The LGC mandated the devolution of particular basic social and economic services from the National Government to local government units (LGUs). To help the latter perform these devolved functions, the law also provided for the increase in financial resources available for LGUs by expanding their taxing powers, thereby endowing them with greater fiscal autonomy and capacity for self-development. However, geographical inequities and varying efficiency levels render some LGUs unable to equally mobilize resources needed to execute their mandated functions and services.

To address this, intergovernmental transfers are provided to LGUs to fill the gap between their expenditure responsibilities and revenues. These subsidies are known as the ALGU in the annual National Budget. For 2022, the proposed ALGU is PhP1.116 trillion, almost double the amount of PhP560.0 billion provided in 2017 and 32.2 percent higher than the 2021 level of PhP844.6 billion. (See Table 11)

National Tax Allotment

Starting 2022, the total share of LGUs from the national taxes will significantly increase, in compliance with the implementation of the SC Ruling on the Mandanas-Garcia Case. This refers to the SC's final and executory decision on the petitions filed by former Batangas Congressman and now Governor Hermilando I. Mandanas and former Bataan Governor and Congressman Enrique Garcia, Jr. on how the National Government should determine and compute the just share of LGUs in the national taxes.

The High Court ruled in favor of the petitioners that the just share of LGUs from the national taxes should include ALL taxes collected by the National Government, including the collections (customs duties) by the Bureau of Customs (BOC) and other collecting agencies. Prior to this ruling, LGUs received 40 percent of national internal revenue taxes collected only by the Bureau of Internal Revenue (BIR), as their Internal Revenue Allotment (IRA).

Table 11. Allocations to Local Government Units, 2021-2022
(in billion Pesos, unless otherwise indicated)

Particulars	2021 GAA	2022 NEP	% Increase/ (Decrease)
National Tax Allotment (formerly Internal Revenue Allotment)	695.5	959.0	37.9
Bangsamoro Autonomous Region in Muslim Mindanao	80.3	74.8	(6.9)
Local Government Support Fund	35.2	51.2	45.3
Special Shares of LGUs in the Proceeds of National Taxes	28.3	26.3	(7.1)
Metropolitan Manila Development Authority	4.8	4.5	(7.4)
Special Shares of LGUs in the Proceeds of Fire Code Fees	0.5	0.6	37.3
<i>Barangay</i> Officials Death Benefits	0.05	0.05	0.0
Total	844.6	1,116.4	32.2

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

Hence, starting in the FY 2022 National Budget, the nomenclature in lieu of the term “IRA” shall be “National Tax Allotment” or “NTA,” consistent with the SC Ruling on the Mandanas-Garcia Case.

With the implementation of the SC Ruling, the FY 2022 NTA shares of LGUs shall be PhP959.0 billion based on the certifications submitted to the Department of Budget and Management by the BIR, BOC, and Bureau of the Treasury on the actual collections of national taxes in FY 2019. This is PhP263.5 billion or 37.9% higher than the FY 2021 IRA shares of LGUs. With this, the LGUs will now have more fiscal resources to enhance their delivery of public services, thus giving them more opportunities to contribute more to the economy’s growth and foster participatory, accountable, responsive, and transparent local governance.

Pursuant to Section 285 of the Local Government Code of 1991 (RA No. 7160), the NTA shares of LGUs in the national taxes is allocated in the following manner: provinces (23 percent), cities (23 percent), municipalities (34 percent), and *barangays* (20 percent). (See Table 12)

Further, as the same law stipulates, the share of each province, city, and municipality will be determined by the following formula: 50 percent on the basis of population, 25 percent on the basis of land area, and 25 percent on the

Table 12. Share of LGUs in the NTA, 2021-2022

LGUs	No. of LGUs (as of 2020)	% Allocation	Amount (in billion Pesos)
Provinces	82 ⁶	23%	220.6
Cities	146	23%	220.6
Municipalities	1,488	34%	326.1
<i>Barangays</i>	41,933	20%	191.8
Total	43,649	100%	959.0

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

basis of equal sharing⁵. (For a more detailed discussion on the SC Ruling on the Mandanas-Garcia Case, see the Empowering Local Governance through Meaningful Devolution section)

Bangsamoro Autonomous Region in Muslim Mindanao (BARMM)

The National Government continues to support the BARMM in its pursuit of economic independence and genuine development. For 2022, the proposed allocation for the BARMM amounts to PhP74.8 billion, slightly lower by 6.9 percent than the previous year’s level of PhP80.3 billion.

Constituting 89.6 percent of the total BARMM allotment is the appropriation for the annual block grant worth PhP67.0 billion. This represents the share of the Region in the national internal revenue tax collections of the BIR and the collections of the BOC, as mandated by RA No. 11054 or the Bangsamoro Organic Law.

Likewise, some PhP5.0 billion is set aside for the Special Development Fund for the rebuilding, rehabilitation, and development of conflict-affected communities in the BARMM; while PhP2.8 billion will be the share in taxes, fees, and charges collected in the Region.

Local Government Support Fund (LGSF)

Among the ALGUs, the LGSF garners the largest year-on-year net growth at 45.3 percent, from PhP35.2 billion in 2021 to PhP51.2 billion in 2022. One of the main reasons for this is the 71.0 percent increase in the allocation for the Support to the *Barangay* Development Program of the National Task Force to End Local Communist Armed Conflict (NTF-ELCAC), with an allotment of PhP28.1 billion. Said amount will be used to fund various infrastructure projects and provide assistance to indigent individuals or families of the 1,406 cleared *barangays* certified by the NTF-ELCAC.

A new item under the LGSF is the PhP10.0 billion Growth Equity Fund (GEF). Section 8 of Executive Order No. 1387 provides for the creation of a GEF starting 2022, which may be tapped to assist disadvantaged and lagging LGUs in fulfilling their devolved functions. The GEF will be equitable, time-bound, and performance-based, and will be given

to an LGU for a fixed time frame until said LGU is already sufficiently and independently capable of allocating funds for its devolved services.

For an LGU to be eligible to access the GEF, it must meet the following criteria:

- The LGU should belong to the poorest half of all LGUs within any given level i.e., its poverty incidence should be higher than the median.
- The LGU should have a 2022 per capita NTA not exceeding the median for the given LGU level. The NTA levels are computed based on the 2001 data on land area and recently proclaimed 2020 census.
- The LGU must not be located under the BARMM.

Another PhP13.1 billion under the LGSF will be provided as financial assistance to LGUs, except for those in the BARMM, for the implementation of various local infrastructure and development projects. This includes, among others, the construction, repair, rehabilitation, or improvement of local roads and/or bridges; public markets; slaughterhouses; multi-purpose buildings/halls; multi-purpose pavements; drainage canals; sea wall/river wall; water system projects including level 1 stand-alone water points; evacuation centers; public parks; fish ports; and post-harvest facilities composed of ice plant and cold storage facilities.

Other Items under the ALGU

Around PhP26.3 billion represents the legally-mandated special shares of LGUs in the proceeds of national taxes for 2022. The majority of this, reaching 57.2 percent or PhP15.0 billion, will come from excise taxes on Virginia tobacco pursuant to RA No. 7171⁸, as incorporated in RA No. 8424⁹, as amended. Other components are the shares from the utilization and development of national wealth (PhP5.6 billion), burley and native tobacco excise taxes (PhP4.0 billion), incremental collections from Value Added Tax (PhP1.6 billion), and Gross Income Taxes paid by all businesses and enterprises within the ECOZONES (PhP4.8 million).

Some PhP4.5 billion is allotted to the Metropolitan Manila Development Authority (MMDA) to provide additional support for its programs and projects. This is on top of the agency's share under the NTA and the mandatory remittances of component LGUs that will be appropriated to cover all of its operating requirements. The bulk of this amount will go to the MMDA's solid waste management program (PhP2.7 billion), followed by its programs on flood control (PhP1.4 billion) and traffic management (PhP360 million).

The PhP629 million special shares of LGUs in the proceeds of fire code fees will be spent for the sustained operation and efficient maintenance of local fire stations, in accordance with Section 13 of RA No. 9514 or the Fire Code of the Philippines of 2008.

Furthermore, about PhP50 million will be released through the DILG for the payment of death benefits to *barangay* officials, to ensure the timely delivery of benefits to beneficiaries of *barangay* officials who died during their term of office. This covers the punong *barangay*, regular and ex-officio members of the *Sangguniang Barangay*, including indigenous peoples representatives, and *barangay* secretary and treasurer.

H. Transfers to Government-Owned and/or -Controlled Corporations (GOCCs)

Government-owned and/or -controlled corporations (GOCCs) play a significant role in economic and national development. GOCCs are owned, operated, and utilized by the State not only to perform essential government functions, but also to generate additional income. Further, they are used to regulate and address market failures in order to maintain a conducive investment climate and protect the people's interest.¹⁰

Recognizing the importance of these public enterprises, the State provides annual budgetary support for GOCCs (BSGC) in the National Budget in the form of subsidy, equity, and net lending. A subsidy can either be operational (used to finance operational expenses not supported by corporate revenues) or program (used to support the implementation of national government programs). On the other hand, equity refers to the national government investment in the authorized capital stock of GOCCs; while net lending advances are used for the servicing of corporate debt guaranteed by the government during the year, net of repayments on such advances.

For 2022, the government will continue to support GOCCs with an allocation of PhP206.7 billion, inclusive of automatic appropriations and net lending. This is 10.5 percent more than the 2021 level of PhP187.1 billion and makes up 4.1 percent of the total proposed 2022 National Budget. A huge chunk of this amount, or PhP167.3 billion, will be in the form of subsidies, while the rest will be provided as equities and net lending, amounting to PhP10.8 billion and PhP28.7 billion, respectively. (See Table 13)

Table 13. Breakdown of BSGC by Type, 2021-2022
(in billion Pesos, unless otherwise indicated)

Particulars	2021 GAA		2022 NEP	
	PhP	% Share of Total BSGC	PhP	% Share of Total BSGC
Subsidy	157.2	84.0	167.3	80.9
Equity	1.2	0.6	10.8	5.2
Net Lending	28.7	15.3	28.7	13.9
Total	187.1	100.0	206.7	100.0

Note: Figures include automatic appropriations and net lending, and may not add up due to rounding off.

Table 14. Top 10 Recipients of the BSGC, 2021–2022
(in billion Pesos, unless otherwise indicated)

Particulars	2021 GAA	2022 NEP	% Increase/ (Decrease)
Philippine Health Insurance Corporation	71.4	80.0	12.1
National Irrigation Administration	31.7	31.5	(0.6)
Bangko Sentral ng Pilipinas	-	10.0	-
Power Sector Assets and Liabilities Management Corporation	8.0	8.0	0.0
National Food Authority	7.0	7.0	0.0
Bases Conversion and Development Authority	2.6	6.5	148.6
Philippine Crop Insurance Corporation	3.5	4.5	28.6
Philippine Fisheries Development Authority	5.2	4.2	(18.5)
National Housing Authority	3.5	4.0	15.7
National Electrification Administration	2.5	1.8	(26.8)
Total	135.2	157.5	16.4

Note: Amounts include automatic appropriations and net lending, and may not add up due to rounding off.

Consistent with the Administration's priorities for 2022, PhP157.5 billion of the total BSGC, mostly provided as subsidies, will be distributed among the top 10 recipient corporations as presented in Table 14. The amount is intended for the implementation of programs and projects on health, food security, energy, infrastructure, and housing, among others.

1. Philippine Health Insurance Corporation
PhP80.0 billion

To fund the health insurance premiums of identified target beneficiaries of the National Health Insurance Program. The 12.1 percent increase is due to the higher annual health insurance premium rate for indigents and Point-of-Service (POS) patients, from PhP2,400.00 to PhP3,000.00.

2. National Irrigation Administration
PhP31.5 billion

To service 17,639 hectares of farmland year-round through national and communal irrigation systems. The amount also covers big-ticket projects such as: Small Irrigation Project, Nationwide (PhP3.7 billion), Establishment of Pump Irrigation Project (PhP1.4 billion), Balog-Balog Multipurpose Project Phase II,

Tarlac (PhP800 million), Chico River Pump Irrigation System Project, Cagayan (PhP674 million), and Dumoloc Small Reservoir Irrigation Project, Pangasinan (PhP445 million), among others.

3. Bangko Sentral ng Pilipinas (BSP)
PhP10.0 billion

To be used for the payment of the increase in capitalization of the BSP pursuant to Section 2 of RA No. 7653 or the New Central Bank Act, as amended by RA No. 11211¹¹

4. Power Sector Assets and Liabilities Management Corporation (PSALM)
PhP8.0 billion

To pay for stranded contract costs and stranded debts transferred to and assumed by the PSALM

5. National Food Authority
PhP7.0 billion

To procure palay from local farmers for the maintenance of a rice buffer stock that can be used during calamities, fortuitous events, or shortfalls in rice production

6. Bases Conversion and Development Authority (BCDA)
PhP6.5 billion

To fund the requirements for the ongoing implementation of the BCDA's Infrastructure Development Program

7. Philippine Crop Insurance Corporation
PhP4.5 billion

To cover the full insurance premiums of 2.3 million subsistence farmers listed in the Registry System for Basic Sectors in Agriculture (RSBSA)

8. Philippine Fisheries Development Authority
PhP4.2 billion

To support the development of the fishing industry through the construction, rehabilitation, and improvement of fish ports and post-harvest facilities

9. National Housing Authority
PhP4.0 billion

To finance the Emergency Housing Assistance Program (PhP2.0 billion), Housing Assistance Program for Calamity Victims (PhP1.0 billion), and Resettlement Program for Informal Settler Families Affected by the Supreme Court's Mandamus to Clean-up the Manila Bay Area (PhP1.0 billion)

10. National Electrification Administration
PhP1.8 billion

To provide electricity to 1,085 targeted sitios through the Sitio Electrification Program (PhP1.6 billion) and ensure the availability of funds to restore electricity and power facilities damaged by natural calamities and other fortuitous events through the Electric Cooperatives Emergency and Resiliency Fund (PhP200 million)

Table 15. Major Earmarked Revenues, 2021-2022

(in billion Pesos)

Particulars	2021 GAA		2022 NEP	
	Revenues	Expenditures	Revenues	Expenditures
Total Earmarked Revenues	184.2	173.8	193.8	161.3
Use of Income, General Fund, <i>of which:</i>	108.6	108.6	101.0	101.0
Bangsamoro Autonomous Region in Muslim Mindanao (BARMM)	80.3	80.3	74.8	74.8
Local Government Units (LGUs)	28.3	28.3	26.3	26.3
Special Accounts in the General Fund, <i>of which:</i>	75.6	65.2	92.7	60.3
Budgetary Support to Government Corporations (BSGC)	10.7	2.2	25.6	12.2
Department of Energy (DOE)	20.3	8.7	19.8	8.8
Department of Public Works and Highways (DPWH)	17.6	15.1	18.1	15.2

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

I. Earmarked Revenues

Earmarking refers to the practice of assigning all or part of total proceeds from a tax or group of taxes, as required by law, for a designated benefit, activity, or purpose. This policy instrument ensures funding for critical programs and projects despite shifts in government leadership and priorities. However, when earmarked revenues are not fully utilized, they could lead to an increase in the balance of unspent funds, and may therefore compromise budget flexibility and transparency.

Earmarked revenue collections are projected to grow by 5.2 percent, from the 2021 level of PhP184.2 billion to PhP193.8 billion in 2022. The amount will be used by various government agencies and corporations for particular expenditures, foreseen to total PhP161.3 billion in 2022, 7.2 percent lower than the estimated PhP173.8 billion in 2021. (See Table 15)

Most of the expected earmarked revenues, equivalent to 52.1 percent or PhP101.0 billion, will be sourced from Use of Income in the General Fund. On the other hand, 47.9 percent or PhP92.7 billion will come from the Special Accounts in the General Fund (SAGF). The SAGF is a fund under which the proceeds collected by various government agencies and offices from specific revenue measures and grants earmarked by law for particular priority projects are recorded.

A major item under the Use of Income in the General Fund, worth PhP74.8 billion, will support development in the BARMM. Pursuant to RA No. 11054 or the Bangsamoro Organic Law, the amount includes the Region's Annual Block Grant or its five percent share in the net collections of the Bureau of Internal Revenue and Bureau of Customs (PhP67.0 billion), Special Development Fund (PhP5.0 billion), and share in taxes, fees, and charges collected in the BARMM (PhP2.8 billion).

The LGUs' earmarked inflows are gauged at PhP26.3 billion in 2022, 7.1 percent less than the 2021 level of PhP28.3 billion. This represents their special shares from collections of the DOE, Department of Environment and Natural Resources' Office of the Secretary and Mines and Geo-Sciences Bureau, and Bureau of Internal Revenue, as mandated by various existing laws. About PhP23.8 billion of said amount is expected to come from the LGUs' 40 percent share in proceeds from mining taxes, as provided by RA No. 7160 or the Local Government Code of 1991.

For 2022, the SAGF is estimated at PhP92.7 billion, an increase of 22.6 percent from the PhP75.6 billion in 2021. Under it, the biggest portion amounting to PhP25.6 billion will come from the BSGC, which includes the PhP10.0 billion requirement for the increase in capitalization of the Bangko Sentral ng Pilipinas, pursuant to RA No. 11211¹². The amount also consists of the authorized earmarked revenue collections of the National Tobacco Administration (PhP8.9 billion), Tourism Promotions Board (PhP1.7 billion), Philippine Coconut Authority (PhP22 million), and Cultural Center of the Philippines (PhP5 million).

Another major contributor to the SAGF is the DOE, which is expected to generate PhP19.8 billion of inflows in 2022. Some PhP15.0 billion of the total will be sourced from the agency's earnings from its Malampaya gas-to-power operations.

Also, the DPWH's collections from the Motor Vehicle User's Charge (MVUC) are projected to reach PhP18.1 billion. Of this amount, PhP15.2 billion is expected to be utilized by the DPWH for the "construction, upgrading, repair, and rehabilitation of roads, bridges, and road drainage", as stipulated in Section 1 of RA No. 11239¹³. Said law mandates that all collections from the MVUC should be remitted to the National Treasury under a special account in the general fund, constituted as the Special Road Fund, to be used solely for the aforementioned purposes.

Table 16. Major Off-Budget Accounts, 2021-2022

(in billion Pesos)

Particulars	Cash Balance as of December 31, 2020*	2021 Program		2022 NEP	
		Revenues	Expenditures	Revenues	Expenditures
Total Off-Budget Accounts, of which:	156.3	549.7	122.0	100.5	107.4
State Universities and Colleges	38.4	26.1	29.3	26.4	27.1
Department of Health	12.4	452.9	20.7	23.2	22.8
Department of the Interior and Local Government	22.2	34.9	34.8	16.5	16.4
The Judiciary	25.1	8.1	9.1	8.4	17.9
Department of Education	4.1	4.3	4.4	4.7	5.1

*Cash balance as of December 31, 2020 shall be equivalent to the cash balance as of December 31, 2019 plus 2020 actual receipt minus 2020 actual expenditure.

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

J. Off-Budget Accounts

Pursuant to certain laws, some agencies are allowed to collect and deposit income from their operations in authorized government financial institutions, and use the same to cover particular expenditure items not included in the National Expenditure Program. These are known as off-budget accounts.

Off-budget accounts are classified into: (1) retained income/receipts; (2) revolving funds; and (3) receipts from borrowings by the Bureau of the Treasury (BTr). Since off-budget accounts contain items that are programmed in the succeeding fiscal year, they are not expected to be fully utilized every year unlike accounts in the General Fund that have a 100 percent annual agency utilization target.

Even though off-budget accounts are not part of the General Fund, they are still subject to inspection by the Commission on Audit to safeguard their use. The government has also been consistently publishing information on off-budget revenues, expenditures, and balances to ensure transparency.

For 2022, the government's off-budget revenue collections are expected to reach PhP100.5 billion, PhP449.2 billion lower than the 2021 level of PhP549.7 billion, to finance various specific purposes. Of the programmed off-budget revenues in 2022, about 78.9 percent will come from the following departments and agencies: State Universities and Colleges or SUCs (PhP26.4 billion), Department of Health or DOH (PhP23.2 billion), Department of the Interior and Local Government or DILG (PhP16.5 billion), The Judiciary (PhP8.4 billion), and Department of Education (PhP4.7 billion). (See Table 16)

The off-budget receipts of SUCs is estimated at PhP26.4 billion or equivalent to 26.3 percent of the total 2022 off-budget revenues, to be collected from tuition fees, donations,

grants, and other sources. By virtue of RA No. 8292 or the Higher Education Modernization Act of 1997, SUCs are allowed to engage in corporate activities in order to generate revenues. Likewise, they are authorized to utilize their income to cover personnel, capital outlay, and operating expenditures amounting to PhP27.1 billion, subject to the policies and guidelines set forth in the CHED Memorandum Order No. 20 series of 2011¹⁴.

Some PhP23.2 billion is expected to be collected by the DOH, of which 79.1 percent or PhP18.4 billion will come from the payment of hospital fees, sale of drugs and medicines, rent and lease payments, seminar and training fees, and other hospital-retained income applicable to all DOH hospitals. The health agency's total retained revenues is earmarked for expenditures worth PhP22.8 billion, which include the purchase of drugs and medicinal supplies, and the augmentation of MOOE and CO budgets of DOH hospitals, among others.

The DILG also has sizable off-budget revenues pegged at PhP16.5 billion. This represents 16.4 percent of the total retained income for 2022. Of this amount, PhP14.8 billion will be provided as grant in cash by the Government of Canada to the Philippine government for the implementation of the Supporting Women's Economic Empowerment of the Philippines or the GREAT Women II Project. The project, led by the Philippine Commission on Women, aims to support women micro entrepreneurs (WMEs) and their workers by improving their competitiveness and fostering a gender-responsive enabling environment for women's economic empowerment.

Also, the Judiciary expects to generate PhP8.4 billion off-budget revenues in 2022. The bulk of these will come from the Supreme Court and the lower courts. Furthermore, PhP4.7 billion will be collected by the Department of Education, to partly finance its off-budget expenditures totalling PhP5.1 billion.

K. Foreign-Assisted Projects

One of the ways by which the National Government (NG) generates additional financing for its programs and projects is through cooperation and partnership with international development partners. These commonly take the form of foreign-assisted projects (FAPs).

FAPs are development projects that are fully or partly financed by foreign loans and/or grants. Funding for FAPs are contracted with governments of foreign countries with whom the Philippines has diplomatic, trade relations or bilateral agreements, or which are members of the United Nations and their agencies, and international or multilateral lending institutions. These are formalized on the basis of the following modalities entered into with the donor or financing institution/country: loan or grant agreement, memorandum of understanding, note verbale, and similar contracts/instruments, among others.¹⁵

For 2022, some PhP187.5 billion is allocated for FAPs, more than double the 2021 program level of PhP75.2 billion. The bulk of this amounting to PhP145.3 billion, or 77.5 percent, is comprised of loan proceeds, while the remaining PhP42.2 billion or 22.5 percent are counterpart funds. (See Table 17)

NGAs will receive the lion's share with PhP185.9 billion or 99.2 percent of the total budget for FAPs. This is significantly higher by PhP114.5 billion, or 160.4 percent, than the PhP71.4 billion in 2021. The rest, amounting to PhP1.5 billion or 0.8 percent, will be provided as Special Purpose Funds (SPFs).

More than half of the 2022 NGA allotment for FAPs, worth PhP105.2 billion or 56.6 percent, will go to the Department of Transportation (DOTr) to fund various transport projects under the Build, Build, Build Program. PhP58.6 billion of this amount, to be co-financed with the Japan International Cooperation Agency (JICA) and the Asian Development Bank, will go to the North-South Commuter Railway System

Table 17. Foreign-Assisted Projects by Department, 2021-2022
(in thousand Pesos)

Particulars	2021 Program			2022 NEP		
	Peso Counterpart	Loan Proceeds	Total	Peso Counterpart	Loan Proceeds	Total
Departments	28,868,096	42,502,600	71,370,696	42,065,231	143,843,700	185,908,931
Department of Agrarian Reform	537,796	91,257	629,053	1,593,131	3,027,101	4,620,232
Department of Agriculture	219,805	477,780	697,585	2,116,954	7,278,530	9,395,484
Department of Environment and Natural Resources	192,788	517,156	709,944	132,715	350,290	483,005
Department of Finance	80,762	-	80,762	159,047	1,669,289	1,828,336
Department of the Interior and Local Government	-	-	-	360,000	-	360,000
Department of Health	-	5,256,498	5,256,498	-	1,289,532	1,289,532
Department of Public Works and Highways	9,257,657	11,466,946	20,724,603	18,737,883	34,032,008	52,769,891
Department of Social Welfare and Development	-	-	-	4,198,316	4,613,833	8,812,149
Department of Trade and Industry	111,889	-	111,889	113,114	711,540	824,654
Department of Transportation	18,429,722	24,692,963	43,122,685	14,616,394	90,591,273	105,207,667
Other Executive Offices	37,677	-	37,677	37,677	280,304	317,981
Special Purpose Funds	1,580,811	2,199,102	3,779,913	121,452	1,427,922	1,549,374
Budgetary Support to Government Corporations	1,524,907	1,695,963	3,220,870	50,000	784,853	834,853
Allocations to Local Government Units	55,904	503,139	559,043	71,452	643,069	714,521
Total	30,448,907	44,701,702	75,150,609	42,186,683	145,271,622	187,458,305

Project. Another big-ticket item under the DOTr is the PhP34.6 billion for the Metro Manila Subway Project Phase I with JICA.

Of the PhP52.8 billion for the Department of Public Works and Highways, PhP31.4 billion will fund projects for the development of the country's roads and bridges, and another PhP21.3 billion will be for flood control projects. Major items under the DPWH include the following:

- PhP6.1 billion - Pasig-Marikina River Channel Improvement Project, Phase IV (JICA)
- PhP5.7 billion - Improving Growth Corridors in Mindanao Road Sector Project (ADB)
- PhP4.7 billion - Ambal-Simuay River and Rio Grande de Mindanao River Flood Control Projects (China)
- PhP4.5 billion - Davao City Bypass Construction Project (South and Center Sections) - PH 261 (JICA)

The allocation for FAPs under the Department of Agriculture will total PhP9.4 billion in 2022, PhP8.7 billion higher compared with the 2021 level of PhP698 million. The increase will bankroll new projects, particularly the Second Additional Financing for Philippine Rural Development Project (PhP6.3 billion) and the Solar-Powered Fertilization System Project (PhP1.0 billion).

Endnotes:

¹ Allen, R. & Tommasi, D. (Eds.) (2001). *Managing Public Expenditure - A Reference Book for Transition Countries*. OECD Publishing. Retrieved from <http://www.worldbank.org/publicsector/pe/oecdpehandbook.pdf>

² Includes the DepEd's Government Assistance and Subsidies (PhP28.4 billion), CHED's Student Financial Assistance Programs (PhP1.5 billion), and TESDA's Private Education Student Financial Assistance (PhP200 million)

³ Based on data from the Updated 2018 Full Year Poverty Statistics of the Philippine Statistics Authority (Table 9. Updated Clustering of Provinces based on 2018 Full Year Poverty Incidence among Families, by Province: 2015 and 2018)

⁴ Includes Interest Payments, National Disaster Risk Reduction and Management Fund, Contingent Fund, Pension and Gratuity Fund, Miscellaneous Personnel Benefits Fund, and Allocations to Local Government Units, among others

⁵ The computation of the NTA appropriation of LGUs for 2022 is determined on the basis of the 2020 Philippine Statistics Authority Census of Population, pursuant to Proclamation No. 1179 dated July 6, 2021; and the 2001 Master List of Land Area certified by the Land Management Bureau, pursuant to Oversight Committee on Devolution Resolution No. 1, s. 2005 dated September 12, 2005.

⁶ There are only 81 provinces in the country, but the Metropolitan Manila Development Authority is treated as a province in the allocation of IRA pursuant to Section 10 (b) of RA No. 7924.

⁷ Full Devolution of Certain Functions of the Executive Branch to Local Governments, Creation of a Committee on Devolution, and for Other Purposes

⁸ An Act to Promote the Development of the Farmer in the Virginia Tobacco Producing Provinces

⁹ The Tax Reform Act of 1997

¹⁰ Presidential Decree No. 2029 (Defining Government-Owned or Controlled Corporations and Identifying their Role in National Development)

¹¹ An Act Amending Republic Act Number 7653, Otherwise Known as "The New Central Bank Act", and for Other Purposes

¹² Ibid.

¹³ An Act Abolishing the Road Board and Providing for the Disposition of the Motor Vehicle User's Charge (MVUC) Collections, Amending for the Purpose Republic Act No. 8794, Entitled "An Act Imposing a Motor Vehicle User's Charge on Owners of all Types of Motor Vehicles and for Other Purposes"

¹⁴ Policies and Guidelines for the Use of Income, Special Trust Fund, and Programs of Receipts and Expenditures of the State Universities and Colleges (SUCs)

¹⁵ Department of Trade and Industry. (n.d.). *DTI and Foreign Assisted Projects (FAPs)*. Retrieved from <https://www.dti.gov.ph/programs-projects/faps>

IV. EXPENDITURE PRIORITIES

PAGBABAGO: INEQUALITY-REDUCING TRANSFORMATION

A. Nurturing a More Agile Human Capital

The latter half of 2020 saw, in varying degrees, the easing of the pandemic containment measures and gradually increasing mobility around the globe. Due to the combined adjustments made in trade and business, better health protocols, increased medical knowledge on the virus, and the availability of vaccines, the world gained more confidence that, through the convergence of global knowledge and international cooperation, if we cannot totally eradicate the virus then we can certainly find ways to live with it.

For indeed, the COVID-19 health crisis is far from over. Resurgent outbreaks due to new SARS-CoV-2 variants and their additional mutations plagued the last trimester of 2020 and continued well into 2021. Some variants of concern (VOCs), described as those with higher transmissibility and severity as assessed by the World Health Organization, were first detected in late 2020. Some of the latest variants closely monitored by international experts, the B.1.671.2 and C.1.2, were discovered as recently as June 2021.¹

Although inbound travel restrictions have been imposed for various countries to limit the spread of the virus and its variants, these have already found their way through the country's borders. Continued biosurveillance conducted by the Department of Health (DOH), the University of the Philippines - Philippine Genome Center (UP-PGC), and the University of the Philippines - National Institutes of Health (UP-NIH) reveal that as of August 2021, at least 9,706 variant cases have been sequenced, of which 5,524 were VOCs, with Beta variant (South African lineage) as the most common at 25.6 percent of all cases.²

While the Theta P.3 variant first detected in the country has been de-escalated from variants of interest (VOI) by international health agencies due to the lack of any impact on the overall epidemiological situation given the time of circulation,³ and the more contagious and transmissible Delta, among other variants, can be stalled and weakened by vaccines, the Duterte Administration continues more than ever to strengthen its resolve to achieve the socioeconomic goals set in 2016 and not give in to pandemic fatigue.

Investments have been made to strengthen health systems and secure universal access to health care, as well as epidemiologic and surveillance systems, health technology,

and research and development. Measures are also in place to ensure that the country's socioeconomic safety nets and assistance to the disadvantaged will not be compromised.

Educational models have also been restructured to adapt to the situational landscape that learners and educators are currently in. The digital divide made more pronounced by the pandemic can also produce unemployment due to the change of in-demand job skills, hence labor and employment strategies are also being recalibrated to ensure smooth school-to-work transitions, and also adequately equip the existing workforce.

In addition, ensuring the comfort and security of Filipinos through healthy and decent housing further enables the population to be active participants in various economic activities, while protecting them from health risks, present and future pandemics, and other threats to safety.

With this focus in revamping policies and funding programs that are centered on the importance of the health and well-being of Filipinos and enabling them to be the prime movers of the country's economic recovery, the government is confident that the goals and aspirations previously set will be achieved.

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Health and Nutrition

Securing a Dependable and Inclusive Health Care System

Crisises transform societies, unlocking opportunities for technological advances and kickstarting social change. Over the past 18 months, in the face of the global health crisis that has not spared the Philippines, both the public and private sectors have had to adapt to if not fully embrace innovative and online methods to weather through unprecedented restrictions in home, school and work places. The situation has pushed them into the digital future, in response not only to COVID-19 and threats of future epidemics and pandemics, but also to the inevitable shifting trends in the emerging information age.

While indeed from necessity springs innovation, social and technological development does not take shape without the people who would bring it to fruition. Whereas progress can only be brought forth by an agile, productive, and healthy human capital, it is thus foundational that every Filipino's health and well-being is prioritized.

This is why, for FY 2022, the Proposed National Budget for the entire Health sector is a hefty PhP252.4 billion. Of this total, PhP246.7 billion is allotted as the agency-wide budget of the Department of Health (DOH), which includes the Philippine Health Insurance Corporation and the DOH's attached agencies. The 14 percent increase in the DOH-wide budget, compared to the 2021 GAA, will cover the increased funding

required for the implementation of the Universal Health Care (UHC) Act, increased allocation of Health Facilities Enhancement Program (HFEP), and increased provision for the COVID-19 Laboratory Network Commodities.

Strengthening COVID-19 Response, Control, and Mitigation Capability. While the COVID-19 Delta variant remains rampant and is currently the most closely watched mutation, the Health sector has aligned its performance with the government's direction of sustaining, if not intensifying, the Prevention, Detection, Isolation, Treatment, and Reintegration (PDITR) strategy to minimize its impact and break its chain of transmission.

Towards this objective, the DOH, through its Health Promotion Board (HPB), launched initiatives such as the online hub Healthy Pilipinas and the campaign *BIDA Solusyon sa COVID-19*, with the intent to trigger a behavioral change among Filipinos as the primary preventive and precautionary measure against the spread of the virus. Having gotten the NGAs, LGUs, and the private sector on board in the adoption and compliance with the minimum public health standards, the DOH released the Workplace Handbook on COVID-19 Management and Prevention. This was produced in coordination with the Department of Trade and Industry (DTI), the Department of Labor and Employment (DOLE), the World Health Organization (WHO), and the Health Professionals Alliance Against COVID-19 to ensure reintegration without sacrificing the country's economy.¹

Table 1. Budget of the Department of Health (DOH) and Its Attached Agencies and Corporations
(in billion Pesos)

Agencies	2021 GAA	2022 NEP
DOH-Office of the Secretary	138.4	162.0
Philippine Health Insurance Corporation	71.4	80.0
Other Attached Agencies and Corporations	6.2	5.2
<i>Of which:</i>		
Philippine Heart Center	1.8	1.8
National Kidney and Transplant Institute	1.3	1.3
Philippine Children's Medical Center	1.9	1.1
National Nutrition Council	0.5	0.5
Lung Center of the Philippines	0.5	0.4
Philippine Institute of Traditional and Alternative Health Care	0.1	0.1
Philippine National Aids Council	0.03	0.03
Total	215.9	246.7

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

Table 2. Budget and Major Programs in the Health Sector, 2021-2022
(in billion Pesos)

Agencies	2021 GAA	2022 NEP
Health Sector	221.2	252.4
DOH		
<i>Of which:</i>		
Health Facilities Operations Program	49.3	53.0
Health Facilities Enhancement Program	7.8 ^{a/}	19.6
Human Resources for Health (HRH) Deployment ^{b/}	16.6	17.0
Family Health, Immunization, Nutrition, and Responsible Parenting	12.2 ^{c/}	10.8 ^{d/}
Prevention and Control of Communicable Diseases	8.2	8.2
Prevention and Control of Non-Communicable Diseases	1.1	1.4
Assistance to Indigent Patients	17.0	17.0
Philippine Health Insurance Corporation, <i>of which:</i>		
National Health Insurance Program	71.4	80.0
National Nutrition Council		
<i>Of which:</i>		
National Nutrition Management Program	0.5	0.4

^{a/} Exclusive of Unprogrammed Funds for HFEP infrastructure projects worth PhP5.5 billion

^{b/} Does not include the COVID-19 Human Resources for Health Emergency Hiring

^{c/} Inclusive of PhP2.5 billion for COVID-19 vaccines

^{d/} Does not include the PhP45.4 billion for COVID-19 vaccine booster shots under Unprogrammed Appropriations

The licensing of more COVID-19 Laboratories has boosted the country's detection capabilities. Prior to the Administrative Order No. 2020-0014 and its amendments (Guidelines in Securing a License to Operate a COVID-19 Testing Laboratory in the Philippines) issued on November 3, 2020, and the Department Memorandum No. 2020-0541 Interim Guidelines in the Regulation of Hospital Extension Facilities for COVID-19 Patients issued on April 7, 2020, only seven (7) licensed facilities were recognized as COVID-19 testing laboratories. As of September 2021, there are now 211 RT-PCR and 68 cartridge-based PCR laboratories testing samples for tracing and detection nationwide.² Isolation and quarantine capacity has also been increased through the creation and monitoring of Temporary Treatment and Monitoring Facilities. Speedy access to treatment is envisioned and aimed for through the One Hospital Command System and the DOH COVID-19 Hotline.

To ensure that the critical objectives of the PDITR strategy are consistently achieved, the proposed 2022 National Budget allocates a total of PhP48.4 billion for the DOH's COVID-19 response. The amount of PhP5.1 billion is allocated for the COVID-19 Laboratory Network Commodities to provide for 3.8 million COVID-19 tests and other laboratory network supplies.

PhP3.8 billion, meanwhile, is earmarked for COVID-19 Human Resources for Health (HRH) Emergency Hiring. This is on top of the regular HRH Deployment Program intending to augment various health facilities with medical professionals dedicated to pandemic response. In 2020, a total of 14,902 nurses, physicians, and public health associates were redeployed to provide COVID-19 care, prevent transmission, and conduct surveillance in their assigned areas.³ This boost in medical manpower aims to help resolve understaffing in hospitals and other health facilities, thus ensuring improved quality of COVID-19-related public health service.

With an average of 500 calls per day as of August this year, nearly five times more than the month before,⁴ the One Hospital Command Center (OHCC) is assured of sustained operations through a PhP6 million budget. The OHCC is the healthcare referral network launched in 2020 by the DOH and the IATF-EID, along with other government agencies. The OHCC facilitates medical transport, provides health system capacity data analytics and risk communications, and optimizes the use of available critical care services of hospitals in Metro Manila.

Table 3. Health Programs on Combating COVID-19
(in billion Pesos)

Particulars	2021 GAA	2022 NEP
Programs:		
National Health Insurance Program	71.4	80.0
Assistance to Indigent Patients	17.0	17.0
COVID-19 Laboratory Network Commodities	0.1	5.0
COVID-19 HRH Emergency Hiring	-	3.8
One Hospital Command Center	-	0.1
COVID-19 Surveillance	0.1	0.1
Provisions for:		
COVID-19 Booster Shots ^{a/}	-	45.4
Personal Protective Equipment	2.67	0.8
COVID Immunization Devices	-	0.7
GeneXpert Cartridges	1.03	0.6
Foreign-Assisted Projects: ^{b/}		
Health System Enhancement to Address and Limit COVID-19 (HEAL) (ADB)	4.2	0.1
Philippines COVID-19 Emergency Response Project Additional Funding (WB)	1.1	1.2

^{a/} Lodged under the Unprogrammed Appropriations

^{b/} As per the DOH's presentation to the House of Representatives' Appropriations Panel on September 2, 2021, the allocations for the WB-PCERP and ADB-HEAL were fully frontloaded in 2021.

Vaccination and Booster Shots. As of September 2021, 71.3 million doses of COVID-19 vaccines have arrived in the country, the distribution of which prioritized the indigents, senior citizens, persons with comorbidities, health workers, personnel in essential sectors, and other frontliners.

While the vaccine rollout is still underway, with 16 million⁵ out of the target 50-70 million Filipinos fully vaccinated by the end of December,⁶ the threats of the deadlier Delta variant and emerging strains such as Lambda continue to undermine the country's progress in combating the virus. The Department of Science and Technology's Vaccine Expert Panel strongly recommends the administration of booster shots to strengthen the immunity of those who are already fully vaccinated.

Heeding this advice, the Duterte Administration is setting aside PhP45.4 billion under the Unprogrammed Appropriations for the procurement and distribution of COVID-19 booster shots that are seen to prevent the transmission of newer variants among the population.

Moreover, there are foreign-assisted projects such as the Health System Enhancement to Address and Limit (HEAL) COVID-19, funded by the ADB with PhP102 million, to provide timely financing for vaccine logistics and other

operating requirements of the project.⁷ Also, the additional funding for the Philippines COVID-19 Emergency Response Project 2 (PCERP 2), funded by the World Bank with PhP1.2 billion, will support the establishment of isolation, quarantine, and laboratory facilities.

Improving Health Systems Capacity. The proposed 2022 National Budget will earmark PhP53.0 billion for the DOH's Health Facilities Operations Program. This is to support the increase in MOOE for the regular operating requirements of the hospitals and other health facilities as well as an effect of newly enacted laws on increase in bed capacity, and conversion and renationalization of government hospitals. PhP13.5 billion of this will go to the operations of DOH hospitals in Metro Manila, while PhP37.3 billion will fund the operations of DOH regional hospitals and other facilities. Another PhP506 million will fund the operations of Blood Centers and National Voluntary Blood Services to ensure safety, availability, and accessibility of voluntarily donated blood supply. An amount of PhP301 million was allocated for the operations of National Reference Laboratories.

As regards creative and rehabilitative health care services, PhP1.4 billion will be earmarked to support the operations of 22 Dangerous Drug Abuse Treatment and Rehabilitation Centers. Eight (8) of these are newly-established rehabilitation

centers in Las Piñas City, La Union, Zamboanga, Bukidnon, Davao, Sarangani, Agusan Del Sur, and Mountain Province.

The proposed 2022 National Budget allots PhP19.6 billion for the Health Facilities Enhancement Program (HFEP). This marks a hefty increase of 151.3 percent over the previous year's allocation of PhP7.8 billion exclusive of Unprogrammed Funds for HFEP infrastructure projects. The HFEP aims to improve the delivery of essential and specialized health care services through the construction, rehabilitation, upgrading, and equipping of health facilities. This year's allocation includes PhP1.2 billion to construct and equip newly-established government hospitals.

The Philippine General Hospital (PGH) under the University of the Philippines System (UP), as the country's premier COVID-19 referral hospital, will be given PhP5.7 billion for its operations. PhP500 million of this allocation is earmarked for medical assistance to indigent patients of the UP-PGH.

Besides infrastructure and equipment, another key factor in strengthening health systems capacity is the deployment

of highly-skilled and motivated professionals tasked to implement and deliver quality health services. However, circumstances such as increasing demographic imbalances and an insufficient number of health care workers continue to hinder the country from achieving its public health goals.

Acknowledging the workforce challenges of the Health sector and seeking to directly address these, the proposed 2022 National Budget will allocate PhP17.0 billion for the DOH's Human Resources for Health (HRH) Deployment Program. The program intends to deploy 26,035 health professionals, including doctors, nurses, midwives, pharmacists, nutritionists, medical technologists and physical therapists, with priority in low income, high poverty, and geographically isolated and disadvantaged areas (GIDAS).

Various estimates by various studies put the optimal health worker density from 25 to 23 health professionals per 10,000 population.⁸ To secure the adequate supply of health professionals, PhP721 million of the proposed HRH allocation will fund pre-service scholarship programs to provide 2,723 grants for future doctors and midwives.

Table 4. Regional Allocation for the Health Facilities Operations Program
(in Pesos)

Region	DOH Hospitals	Dangerous Drugs Abuse Treatment and Rehabilitation Centers	Blood Centers and National Voluntary Blood Services	National Research Laboratories
CAR	2,387,730,000	4,428,000	-	-
I	2,809,075,000	111,453,000	3,868,000	-
II	2,787,140,000	62,460,000	1,000,000	-
III	3,952,224,000	141,783,000	7,109,000	-
NCR	15,843,720,000	312,084,000	457,563,000	300,603,000
IV-A	1,425,309,000	108,635,000	-	-
MIMAROPA	498,588,000	-	-	-
V	2,275,227,000	143,133,000	5,182,000	-
VI	2,222,441,000	67,649,000	-	-
VII	4,001,978,000	143,487,000	9,724,000	-
VIII	1,217,871,000	73,157,000	1,866,000	-
IX	2,368,956,000	8,409,000	5,535,000	-
X	2,749,641,000	94,796,000	1,865,000	-
XI	4,457,755,000	13,041,000	10,692,000	-
XII	1,088,173,000	13,042,000	1,866,000	-
CARAGA	745,379,000	83,414,000	-	-
Total	50,831,207,000	1,380,971,000	506,270,000	300,603,000

Investing in Health Technology Research and Development.

In his final State of the Nation Address, President Duterte endorsed the passage of bills establishing the Center for Disease Prevention and Control and the Virology and Vaccine Institute of the Philippines (VIP), indicating a serious and genuine intent to institutionalize research and development on prevention and control of future pandemics and other zoonotic diseases, and placing immense trust in the capacities and competencies of the Filipino.⁹

While the infrastructure for the VIP is yet to be implemented by the Department of Science and Technology (DOST), in partnership with the Bases Conversion Development Authority (BCDA) and the Department of Public Works and Highways (DPWH), the VIP is now partially operating at the DOST's Industrial Technology Development Institute (DOST-ITDI).¹⁰

During the agency's launch of 21 innovative science and technology programs and projects, dubbed as "Big 21 in 2021" in September this year, the DOST included the VIP's Biosafety Level 2+ Laboratory as implemented by the DOST-ITDI's Environment and Biotechnology Division as one of the 21 high-impact projects. The establishment of the said facility aims to ensure safe and secure implementation of the country's vaccine development initiatives and infectious diseases research program while adhering to international biosafety and biosecurity standards.¹¹

To sustain the momentum, PhP983 million will be allocated for the VIP. This is a 247.4 percent increase from the 2021 GAA allocation of PhP283 million. Regarded as the premier virology research and development institute, the VIP will also be tasked with product research on diagnostics, therapeutics, and vaccines.¹²

In addition to this, PhP140 million will be earmarked for Phase 2 of the development of the Philippine Genomic Information and Resource Hub (PGIRH) under the University of the Philippines (UP) System. This funding aims to strengthen the capacity of the UP Philippine Genome Center to conduct genomic biosurveillance of COVID-19 variants in the country.

To ensure efficient delivery of health services and boost the data-based response and decision-making of the agency, some PhP619 million will be infused into the DOH's Health Information Technology. This will fund capacity building and information and communications technology operating requirements and equipment in support of the implementation of the UHC Law and the DOH's COVID-19 response activities.

Maintaining Essential Health Services in the midst of a Pandemic.

In 2021, a WHO survey among 135 participating countries regarding the continuity of essential health services during the pandemic showed that an unsettling 94 percent of the countries experienced disruption in at least one essential health service, which includes primary care, critical and operative care, rehabilitative, and palliative and long-term care. The survey sections include questions on the delivery of health services on reproductive, maternal, newborn, and child health and nutrition, immunization, communicable and non-communicable diseases, and mental, neurologic, and substance use disorders. The results show that despite restorative efforts during the pandemic, substantial disruptions persist around the globe.¹³

To minimize the disruption to essential health services, the proposed 2022 National Budget supports the DOH's programs on family health and disease control. Some PhP0.8 billion will be allocated to support the projects and activities under the Family Health, Immunization, Nutrition, and Responsible Parenting Program. Of this total budget, PhP2.0 billion will be allocated to provide micronutrient supplementation and family planning commodities to target population groups.

Also under the same program, some PhP7.9 billion will be allocated to support the National Immunization Program, providing immunity against vaccine-preventable diseases with a population coverage that include infants, pregnant women, and school children. Also, PhP651 million from this allocation is reserved for the procurement of COVID-19 immunization devices.

To sustain preventive health services, PhP8.2 billion will be earmarked for efforts and measures to curb the spread of infectious diseases among Filipinos through the Prevention and Control of Communicable Diseases Program. Of the total allocation, PhP1.7 billion will fund the purchase of medical commodities to diagnose, prevent, treat, and control infectious diseases such as tuberculosis and dengue. This amount is inclusive of the PhP819 million for personal protective equipment (PPEs) and PhP297 million for GeneXpert cartridges. Also under the same program, PhP509 million will be allocated to provide for the commodities under rabies control to address animal bites, while PhP6.0 billion will be allocated to address diseases for elimination such as malaria, filariasis, schistosomiasis, and leprosy.

Meanwhile, some PhP1.4 billion will be allocated to the Prevention and Control of Non-Communicable Diseases. This will provide for medical commodities for the treatment and control of non-infectious diseases such as cancer (PhP787 million), mental health (PhP568 million), and diabetes (PhP22 million).

Sustaining Universal Health Care for All. The UHC Law is one of the most impactful laws ever passed during the Duterte Administration, institutionalizing a health care system which gives Filipinos full and universal access to health care services. The signing of the UHC law in February 2019 could not have been more timely as the same year saw an increased premium on health, as evidenced by the 10.9 percent increase in the country's total health spending — 47.9 percent of which were household out-of-pocket expenses.¹⁴ And by year-end, the first case of COVID-19 was reported in Wuhan, China.

To sustain this access to universal health care, a war chest of PhP80.0 billion is allocated to the National Health Insurance Program under the Philippine Health Insurance Corporation. This will subsidize the health insurance premiums of 13.2 million indigent families identified under the National Household Targeting System of the Department of Social Welfare and Development, and 7.3 million senior citizens pursuant to Republic Act (RA) No. 10645.

Apart from funding health insurance premiums, PhP17.0 billion of the budget is set aside for Medical Assistance to Indigent Patients, to provide for the hospitalization and other health assistance to a target of 1.8 million indigent patients. This program aims to cover 100 percent of the excess net bill incurred by poor in-patients admitted in basic hospital accommodation or service ward.

Investing in Nutrition. Nutrition has been one of the country's persistent challenges. Malnutrition, while a pathological condition, undermines investments made in health, education, and other sectors that determine a nation's economic development. Apart from this, the continuing effects of the COVID-19 pandemic have highlighted the significance of nourishment and sustenance. Attacks on the immune system, e.g. infection, require components such as energy, enzymes, and other natural molecular products, which are ultimately derived from food consumption.¹⁵ While studies are still ongoing to establish the direct correlation between nutrition and the current pandemic, the consequences of disregarding access to proper nutrition are equally detrimental to the country's economic growth, with or without the pandemic.

In order to address this, the Duterte Administration passed RA No. 11148 or the First 1,000 Days Law to provide maternal, neonatal, and child health and nutrition services focused on the first 1,000 days of child development. This period is when foundations of optimum health and neurodevelopment across one's lifespan are established¹⁶ and thus translate to either good or poor health in adolescence and adulthood.¹⁷

To ensure proper nutrition, PhP484 million will be allocated to the National Nutrition Council (NNC). Of this amount, PhP139 million will go to the Early Childhood Care Development in the First 1,000 Days Program.

In addition, other agencies also have programs dedicated to improving the nutrition of Filipinos such as the Complementary Feeding Program of the DOH, School-based Feeding Program of the DepEd, and the Supplemental Feeding Program of the DSWD.

To ensure positive school outcomes, especially for children whose learning has been hampered by the lack of proper nourishment, PhP3.3 billion will be allocated to the DepEd's School-based Feeding Program. For 2022, the DepEd is targeting to provide 1.72 million severely wasted and wasted learners from kindergarten up to Grade 6 with nutritious food products and fresh milk in order to improve their nutritional condition.

Meanwhile, some PhP4.2 billion will be infused for DSWD's implementation of the Supplementary Feeding Program. The program seeks to serve fortified nutritious meals to 1.9 million undernourished children from ages 2 to 5 in Community Development Centers (CDCs) and Supervised Neighborhood Plays (SNPs). Together with the School-based Feeding Program, this is in compliance with RA No. 11037 or the *Masustansyang Pagkain para sa Batang Pilipino* Law signed by the Duterte Administration last June 2020.

PhP250 million from the proposed budget for the DOH's Family Health, Immunization, Nutrition, and Responsible Parenting will go to the Complementary Feeding Program. This will fund the purchase of therapeutic milk and protein-enriched meals to supplement the diets and improve the nutrition of 13,755 children ages six (6) to 23 months and

Table 5. Key Nutrition Programs, 2021-2022
(in billion Pesos)

Programs	2021 GAA	2022 NEP
Supplementary Feeding Program	3.8	4.2
School-Based Feeding Program	6.0	3.3
Complementary Feeding Program	0.1	0.3
Early Childhood Care and Development - First 1,000 Days Program	0.2	0.1

lactating mothers, with local government units with the highest prevalence of undernutrition and nutrition deficiency among target beneficiaries among those to be prioritized.

To reduce the prevalence of stunting and wasting among children, an amount of PhP139 million will be earmarked for Early Childhood Care and Development (ECCD) nutritional package in the First 1,000 Days Program. This will support local government units in providing additional sustenance to 19,290 nutritionally at-risk pregnant women living in 5th to 6th class municipalities.

Sustaining a Secure and Inclusive Health System

The Duterte Administration is determined to finish strong despite the unforeseen disruption that is the COVID-19 pandemic. The challenges and threats of the health emergency only strengthened the government's resolve to continuously address the needs of the country's key economic drivers: labor, food security, infrastructure, and also innovation in science and technology. However, despite the noble intent, all these investments could never fully deliver the progress that Filipinos deserve without the preservation and strengthening of our health care systems.

This is why the proposed 2022 National Budget sets a high priority on the country's health system capacity to respond to and recover from health emergencies, funding regular health services and health promotion for the population's well-being, developing epidemiologic and surveillance methods, investing in health infrastructure, research and development, and human resources, and providing critical nutritional interventions as well as medical assistance to those who need it the most—all of which are in line with the nation's universal health care aspirations.

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¹⁶ Cusick, S. & Georgieff, M. (2013, April 12). *The first 1,000 days of life: The brain's window of opportunity*. Retrieved from <https://www.unicef-irc.org/article/958-the-first-1000-days-of-life-the-brains-window-of-opportunity.html>

¹⁷ Nicklaus S., Boggio V., Chabanet C., & Issanchou S. (2005). *A prospective study of food variety seeking in childhood, adolescence and early adult life*.

Education

Reducing the Social, Financial, and Technological Gaps and Other Challenges Highlighted by the Pandemic

While the COVID-19 pandemic has not predominantly affected children, some countries have begun seeing an increase in COVID-19 cases among children. The US Centers for Disease Control and Prevention (CDC) reported in September that there has been an increase in COVID-19 hospitalizations among US children and adolescents since the rise of the Delta variant¹. Meanwhile, Cuba has begun the mass vaccination of children between the ages of two and ten – the first nation in the world to do so², as the Pan American Health Organization notes that in their region, children account for a larger percentage of COVID-19 hospitalizations³. Studies also indicate that not only are children and adolescents more significantly at risk, these age groups have also been found to transmit the virus to others.⁴

Elsewhere around the world, however, countries have not been as quick to implement COVID-19 mass vaccination programs for children. The global attempt to protect the youth from the virus has focused primarily on community quarantines and lockdowns to prevent exposure. Unfortunately, these measures have resulted in acknowledged disruptions in their intellectual, psychological, and capacity development. Estimates from the United Nations Educational, Scientific and Cultural Organization (UNESCO) state that 2.7 million children across the East Asia-Pacific Region will not return to school once they reopen, on top of the 35 million who had already dropped out of the educational system due to the pandemic. The longer children stay out of school, the less likely they will return.⁵

In September 2021, following a year of blended and distant learning modalities adopted in Philippine schools, the Department of Education (DepEd), with the assistance of the Department of Health (DOH), submitted a list of 120 schools in COVID-19 low-risk areas to implement a pilot run of limited face-to-face classes.⁶ This has been approved by President Duterte, after rejecting earlier proposals to reopen schools, stating that he “will not gamble on children’s lives”⁷. This change in direction is largely due to multiple factors, including adequate implementation of various COVID-19 response measures, vaccine prioritization of teachers and school personnel, close collaboration between agencies, and shared support of local government units (LGUs), organizations such as the World Health Organization (WHO) and the United Nations Children’s Fund (UNICEF), and parents and guardians of the country’s young learners.

Also having benefited from the government’s whole-of-nation approach to prevent the pandemic from thoroughly disrupting the economy, the Commission on Higher Education (CHED) announced that more than 100 higher education institutions (HEIs) have been approved by the Inter-Agency Task Force (IATF) to hold limited face-to-face classes to ensure efficient delivery of courses involving hands-on learning in fields such as medicine and allied health services.⁸ Requests to expand these classes to involve courses such as engineering and marine transportation have also been presented for the President’s approval, with the endorsement of the IATF.⁹

The DepEd further announced that School Year (SY) 2021-2022 saw a 100.3 percent increase in enrollees, with 11 out of 17 regions achieving a more than 100 percent enrollment rate.¹⁰

This shows that despite the fear of transmission, education is still a priority among Filipinos. As it is for the Administration, and which it reflects in the proposed 2022 National Budget, which gives the Education sector a war chest of PhP774 billion, or 15.4 percent of the total Budget, for its programs, activities, and projects.

Laying the Groundwork through Basic and Secondary Education

The DepEd will be allotted PhP630.8 billion to continue to implement innovative, flexible, and blended approaches to learning to ensure that Filipino children will continue to receive quality basic education.

Fine-tuning Alternative and Blended Instructional Methods and Additional Learning Resources.

As the world shifts to a more connected, Information and Communication Technology (ICT)-based learning environment, public schools need to adapt to new teaching and learning methods. For this, PhP11.6 billion is allocated for the DepEd Computerization Program to procure and distribute 108,177 multimedia packages for public schools. The 94.6 percent increase from the 2021 GAA allocation of PhP5.9 billion signifies the intent of the Administration to close the digital gap between learners and emerging learning advancements through the integration of ICT in the teaching and learning process, raising ICT literacy levels, and improving computer to student ratio in public schools.

To ensure the quality and provide learning modules to students, PhP15.1 billion will be earmarked for the development and production of self-learning modules under the Flexible Learning Options program. The amount targets to develop, reproduce, and deliver 845,962,644 quality learning modules and other instructional materials to

19,925,036 students. In addition, this would enable the DepEd to develop and implement quality assurance protocols not only on conformance review after the release of materials to students, but also in the early stages of production. This initiative aims to proactively guarantee that the modules are free from errors and other mishaps.

Table 1. Major Programs of the DepEd
(in billion Pesos)

Particulars	2022 NEP
Department of Education	630.8
Government Assistance and Subsidies	28.4
New School Personnel Positions	20.1
Flexible Learning Options	15.2
Computerization Program	11.6
Basic Education Facilities	5.4
School-Based Feeding Program	3.3
Learning Tools and Equipment	2.7

Providing Scholarships and Subsidies for Students.

Some PhP28.4 billion will be allocated for Government Assistance and Subsidies to provide financial assistance for junior and senior high school students. This will increase accessibility and ensure the delivery of quality basic education through partner private educational institutions.

Under this, PhP10.7 billion will be allocated to the Education Service Contracting Program for Private Junior High School (JHS) and PhP16.5 billion will be earmarked for the Senior High School (SHS) Voucher Program, through which grants will be given to qualified high school students to enable them to enroll in participating schools, thereby decongesting public secondary institutions.

Lastly, PhP1.2 billion is set aside for the Joint Delivery Voucher Program, to enable public SHS students pursuing the Technical Vocational and Livelihood (TVL) track to take their TVL subjects in private or non-DepEd public schools and institutions, subject to the guidelines issued by DepEd.

Table 2. Schemes under the Government Assistance and Subsidies of the DepEd
(in billion Pesos)

Particulars	2022 NEP (in billion Pesos)	No. of Grantees
Educational Service Contracting Program	10.7	1,149,975
Voucher Program for Senior High School (SHS) Students*	16.5	1,383,730
Joint Delivery Voucher Program	1.2	89,300
Total	28.4	2,623,005

*Voucher Program for Private SHS and Non-DepEd Public Schools

Table 3. Physical Targets Relevant to Learning Resources of the DepEd

Particulars	2021 GAA	2022 NEP
Flexible Learning Options (Self-Learning Modules)	18,055,126 learners provided with learning modules	19,925,036 learners provided with learning modules
Textbooks/instructional materials	4,279,000 textbooks/learning materials	6,732,385 textbooks/learning materials
Science and mathematics equipment	7,730,038 pieces	5,171,883 pieces
Technical-vocational and livelihood equipment	215,490 pieces	175,209 pieces
ICT packages	37,221 packages	108,177 packages

Enhancing Learning Environments through Improvement of School Facilities.

Unsatisfactory environments can drastically affect student engagement and learning retention, and teacher commitment and instructional approaches. Recognizing the crucial role of basic education in knowledge building, expanding opportunities, and ultimately breaking the cycle of intergenerational poverty, high priority has always been given to providing safe and adequate school facilities to ensure an optimum learning environment.

Given this, the proposed 2022 National Budget will allocate PhP5.4 billion for Basic Education Facilities, to construct 1,168 classrooms, rehabilitate 2,458 classrooms, procure 9,536 sets of school seats, among other improvements, for various kindergarten, elementary, and secondary schools.

PhP2.9 billion of this will be released directly to the Department of Public Works and Highways (DPWH), to construct and upgrade school buildings, technical-vocational laboratories, and water and sanitation facilities as prescribed by the DepEd. PhP1.0 billion meanwhile will be used for the rehabilitation, renovation, repair, and improvement of school buildings and facilities.

Some PhP1.1 billion, also under the Basic Education Facilities, will be allotted for the acquisition of school desks and fixtures to ensure that all newly constructed and existing school buildings are provided with the corresponding number of school furniture.

To provide equitable access to learning by addressing gaps in resources and facilities of schools located in geographically-isolated and disadvantaged and conflict-affected areas (GIDAS), some PhP1.5 billion will be allocated for the Last

Mile Schools (LMS) Program. Last Mile Schools, as defined by the DepEd, are those with less than four makeshift and nonstandard classrooms, no electricity, no funds for repairs in the last four years, and which can be reached only by at least an hour of travel through difficult terrain. These schools mostly offer multigrade classes with less than 100 students and less than five (5) teachers.

Under the LMS Program, the said fund will be used for the construction, replacement, and completion of classrooms, construction of water and sanitation facilities, and construction of Administration and Climate Change Emergency Storage and Shelter (ACCESS) buildings to be used for multiple purposes such as storage of school equipment and supplies in times of calamities, or as dormitories for teachers or students whose homes are located in far-flung areas.

Supporting the Educational Workforce. While the goal of education is to develop the intellectual capacity and enhance the skills and capabilities of the youth, it is also of equal importance to ensure the welfare of the educators and strengthen the driving workforce behind the delivery of quality education.

The proposed 2022 National Budget will allocate PhP20.1 billion for New School Personnel Positions, to fill an additional 10,000 human resources for education positions. This is a 30.91 percent increase over the 2021 GAA allocation of PhP15.3 billion. In addition to this, some PhP1.1 billion will be set aside for the implementation of Reclassification of Positions. This is to offer expanded career growth opportunities and merit-based salary increases for the nation's educators as part of reforms in in-service professional development. Meanwhile, PhP4.4 billion is earmarked for Cash Allowance to Teachers. This will provide a subsidy of PhP5,000 pesos per classroom teacher for every school year, for teaching materials and communication expenses such as internet subscription. Furthermore, to compensate qualified personnel in hardship posts, e.g. transportation costs to far flung areas, PhP2.3 billion will be set aside for Special Hardship Allowance.

Maintaining the competence of educators is also a priority and is an important contributor to improving the learning capacities of students. To equip their educational workforce with the skills required to deliver quality education, PhP743 million will be set aside for the In-Service Training appropriated under the Human Resource Development for Personnel in Schools and Learning Centers. This will provide for the learning and development interventions of public school teachers, administrators, and other school personnel to boost their proficiency and improve their delivery of educational functions.

Promoting Health and Nutrition. The government's assistance to students during the pandemic does not stop with finding ways to equip schools, students, and teachers

with teaching and learning materials or providing financial support. To ensure that no one is left behind, most especially severely wasted and wasted learners, whose learning capacities might be hampered by the lack of nourishment, the proposed 2022 National Budget will allot PhP3.3 billion for the continued implementation of the DepEd's School-Based Feeding Program (SBFP).

Because of school closures due to the pandemic during the previous school year, the milk and food packs were either delivered directly to the homes of student beneficiaries or were claimed as weekly rations along with learning modules by the students' parents or guardians.¹¹ This year, the SBFP targets to provide milk and food packs to 1,723,808 student beneficiaries, primarily severely wasted and wasted kindergarten and elementary students.

Ensuring Universal Access to Quality Tertiary Education

With or without a pandemic, tertiary education is vital to ensure a country's economic advancement and competitiveness. It produces highly capacitated individuals who support civil society, effective governments, globalization initiatives, and knowledge-driven technologies and innovations. It is imperative, therefore, for a nation focused on steady growth and development, to ensure universal and equitable access to tertiary education.

The Duterte Administration remains steadfast in the mission to improve the educational curricula and strengthen the school-to-work transition to ensure that every graduating Filipino is globally competent and adaptive. Of the total PhP774 billion allocation for the Education sector, PhP75.4 billion will be released to 113 State Universities and Colleges (SUCs) nationwide, while PhP52.6 billion will be provided to the Commission on Higher Education (CHED).

The PhP15.1 billion under the SUCs accounts for the maintenance and other operating expenses that would cater to the tertiary education needs of the Filipino youth, especially the poor and the marginalized. Also, this amount seeks to ensure that the SUCs sustain and offer programs aligned with global innovation platforms such as science and engineering, as well as government priorities in key growth areas such as tourism and manufacturing industries.

Meanwhile, of the PhP52.6 billion under CHED, the lion's share of PhP46.8 billion or 89.0 percent will fund the Universal Access to Quality Tertiary Education (UAQTE). PhP28.1 billion of this will go to Tertiary Education Subsidy to provide grants-in-aid for 832,918 students enrolled in SUCs, CHED-recognized Local Universities and Colleges (LUCs), and private higher education institutions (HEIs) with authorized programs. Beneficiaries also include 379,062 grantees of the *Tulong Dunong* Program. Some PhP18.7 billion also under the UAQTE will go to Free Higher Education. This will cover the tuition and other school fees for 1,337,171 students in SUCs and CHED-recognized LUCs.

In addition, PhP1.5 billion will fund the Student Financial Assistance Programs to provide scholarships and grants-in-aid programs for 32,174 student beneficiaries. This amount also includes some PhP65 million for scholarship grants for dependents of sugar industry workers and small farmers pursuant to Republic Act No. 10659.

Driving the Economy Forward through Technical-Vocational Education

Another key factor in upgrading the qualifications of the Filipino workforce are the efforts and programs that address the jobs and skills mismatch and provide adequate training and education on new and emerging sectors. Accordingly, the Duterte Administration continues to provide opportunities for Filipinos to develop the skills required by the ever-evolving labor market.

Table 4. Allocations for the Major Programs and Projects of the TESDA
(in billion Pesos)

Particulars	2021 GAA	2022 NEP
TESDA	14.7	14.7
<i>Of which:</i>		
Training for Work Scholarship Program	4.1	3.8
UAQTE - Free Technical Education and Training	2.9	2.9
Special Training for Employment Program	1.9	2.1
<i>Tulong Trabaho</i> Scholarship Program	1.0	1.0

To support the primary institution mandated to manage and supervise the country's technical-vocational education and training (TVET) programs and activities, PhP14.7 billion will be allocated to the Technical Education and Skills Development Authority (TESDA).

PhP3.8 billion from the TESDA budget will be earmarked for the agency's Training for Work Scholarship Program. This program aims to support sustained economic growth by offering courses on key employment generators in sectors such as manufacturing, agriculture, and business process management. In the selection of students, priority is given to those without prior formal vocational training, and those coming from high poverty incidence regions and provinces as identified in the official poverty statistics by the Philippine Statistics Authority.

Also under the TESDA allocation is some PhP2.1 billion for the Special Training for Employment Program. This will provide community-based specialty training for qualified beneficiaries belonging to indigent families under the National Household Targeting System, informal sector

Table 5. Number of Target Beneficiaries of the Major Programs and Projects of the TESDA

Programs	Target number of beneficiaries
Training for Work Scholarship Program	155,546
UAQTE - Free Technical-Vocational Education and Tertiary Education Subsidy	21,223
Special Training for Employment Program	84,623
<i>Tulong Trabaho</i> Scholarship Program	19,691

families, and those under the next lower poverty level as determined by the DSWD. In addition to this, PhP1.0 billion will be set aside for the *Tulong Trabaho* Scholarship Program to provide qualified recipients with access to select TVET programs through the full payment of training fees, as well as additional assistance such as transportation allowance, as needed.

The proposed 2022 National Budget will also fund the UAQTE under the TESDA with PhP2.9 billion to cover the cost of tertiary education of those enrolled in technical-vocational institutions registered under the TESDA.

Reshaping the Educational System

Education is the foundation of and a major tool for future livelihood opportunities and is thus a crucial weapon in the struggle for economic recovery. Despite the persistent challenges of COVID-19 to the Education sector, the government strategy did not stray from its priorities, especially as learning has shifted to ICT-based channels and flexible and alternative approaches. In this model, emphasis is equally given to increasing the capacity and incentives for both learners and educators. While the pandemic highlighted the challenges to the country's education system, the crisis also shed new light on the areas where the country could bring forth transformative changes and innovative directions in what most Filipinos consider as the best legacy they could leave behind for the future generations.

Endnotes:

¹ Delahoy MJ, Ujamaa D, Whitaker M, et al. (2021, September 10). *Hospitalizations Associated with COVID-19 Among Children and Adolescents — COVID-NET, 14 States, March 1, 2020–August 14, 2021*. MMWR Morb Mortal Wkly Rep 2021;70:1255–1260. Retrieved from <http://dx.doi.org/10.15585/mmwr.mm7036e2>

² Rodriguez, A. (2021, September 17). *Cuba begins vaccinating children as young as 2*. Associated Press News. Retrieved from <https://apnews.com/article/health-cuba-coronavirus-pandemic-occ17d2b249c1afe51052c38555cf053>

³ Pan-American Health Organization. (2021, September 15). *Children and adolescents deeply impacted by COVID-19 pandemic, PAHO Director asserts*. Retrieved from <https://www.paho.org/en/news/15-9-2021-children-and-adolescents-deeply-impacted-covid-19-pandemic-paho-director-asserts>

⁴ World Health Organization. (2021, January 22). *Science in 5 on COVID-19 Episode no.22: Children and COVID-19*. Retrieved from <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/media-resources/science-in-5/episode-22---children-covid-19>

⁵ Hulshof, K. & Tapiola, H.E.P. (n.d.) *It is time to reopen Southeast Asia's schools*. UNICEF East Asia and Pacific. Retrieved from <https://www.unicef.org/eap/it-time-reopen-southeast-asias-schools>

⁶ Department of Education. (2021, September 20). *On the approval of the pilot implementation of limited face-to-face classes in 120 schools*. Retrieved from <https://www.deped.gov.ph/2021/09/20/on-the-approval-of-the-pilot-implementation-of-limited-face-to-face-classes-in-120-schools/>

⁷ Presidential Communications Operations Office. (2021, June 29). *President Duterte on in-person learning: 'I cannot gamble on children's lives'*. Retrieved from https://pcoo.gov.ph/news_releases/president-duterte-on-in-person-learning-i-cannot-gamble-on-childrens-lives/

⁸ Hernando-Malipot, M. (2021, August 27). *CHED: 118 universities, colleges approved to hold limited face-to-face classes*. Manila Bulletin. Retrieved from <https://mb.com.ph/2021/08/27/ched-118-universities-colleges-approved-to-hold-limited-face-to-face-classes/>

⁹ De Vera III, J.P.E., (2021, September 9). *FY 2022 CHED Proposed Budget presented to the Philippine House Committee on Appropriations*.

¹⁰ Department of Education. (2021, September 15). *On the enrollment for School Year 2021-2022*. Retrieved from <https://www.deped.gov.ph/2021/09/15/on-the-enrollment-for-school-year-2021-2022/>

¹¹ Department of Education. (2021, February 20). *DepEd's School-Based Feeding Program records 3.5 million student beneficiaries for SY. 2020-2021*. Retrieved from <https://www.deped.gov.ph/2021/02/20/depeds-school-based-feeding-program-records-3-5-million-student-beneficiaries-for-sy-2020-2021/>

Social Protection

Beyond the magnitude of its impact on the populations and economies of countries, the COVID-19 pandemic also exposed the vulnerabilities of the poorest and weakest sectors of societies, forcing governments to act swiftly to safeguard and protect their people. Like the rest of the world that struggled to overcome the global crisis, the Philippines had been quick to implement drastic measures, especially on the health and social protection fronts, to mitigate the adverse effects of COVID-19 on the economy, employment, livelihoods, and well-being. These measures included, among others, the enactment of the *Bayanihan* I and II laws and the implementation of the Social Amelioration Program (SAP) of the Department of Social Welfare and Development (DSWD).¹ The latter covered some 18 million poor and vulnerable households, comprising 70 percent of the population, as reported by the COVID-19 Low Income Household Panel and Economic Survey of the World Bank.

While there seem to be clear signs that the worst of the COVID-19 onslaught may already be over, the Duterte Administration is still not about to ease up on the level of its social response efforts, even as it continues to sustain support for the regular programs, activities, and projects of its agencies. For Fiscal Year 2022, a total of PhP1.92 trillion, or 38.3 percent of the proposed National Budget, is earmarked mainly for the sectors of health, education, social protection, and employment. In particular, the DSWD, as the government's main arm in safeguarding the social welfare of every Filipino, will be allotted PhP191.4 billion for this year. (See Table 1 below)

Safeguarding the Welfare of Every Filipino

Health Care

National Health Insurance Program. Ensuring a healthy population is always a government priority – but even more so in times of difficulties and crises. Towards this objective, PhP80.0 billion will be given to the Philippine Health

Insurance Corporation for the promotion of equal access to health care for all Filipinos. This budget is specifically intended to subsidize the health insurance premiums of 13.2 million indigent families and 7.3 million senior citizens in 2022. (See *Health and Nutrition* section for more details.)

Supplementary Feeding Program. To support the country's Zero Hunger Program, PhP4.2 billion of the DSWD's proposed budget will fund its Supplementary Program. A total of 1,936,868 children, ages three (3) to four (4) years who are enrolled in a day care center, child development center, and/or supervised neighborhood play, will be fed with nutritious hot meals and fresh milk.

Bangsamoro Umpungan sa Nutrisyon (BangUN) Program. Poverty and man-induced conflicts have led to a high prevalence of stunting and wasting in children living in the Bangsamoro region. To reduce the vulnerabilities to hunger and malnutrition of around 15,000 Bangsamoro children, PhP161 million will be allotted to the BangUN Program in 2022. A total of 7,000 pregnant and lactating women are also expected to benefit from this Program.

Cash Assistance and Subsidies

Pantawid Pamilyang Pilipino Program (4Ps). To improve the socioeconomic standing of the poorest households in the country, PhP115.7 billion has been allotted for the 4Ps – the local version of the Conditional Cash Transfer (CCT) – in 2022. This amount will be used to support poverty reduction efforts and human capital investment by providing cash grants, rice subsidies, and health and education grants, among others, to a targeted 4.4 million household-beneficiaries.

The National Household Targeting System for Poverty Reduction (NHTS-PR), or *Listahanan*, is used to identify the beneficiaries of 4Ps. This standardized system automatically includes farmers, farm workers, fisherfolk, homeless families, indigenous peoples (IP), persons with disabilities, those living in geographically-isolated and disadvantaged areas (GIDAs), and other vulnerable groups in the survey being conducted by the DSWD.

Table 1. Budgets of the DSWD and Its Attached Agencies, 2021–2022

Agencies	2021	2022
Office of the Secretary	PhP174.9 B	PhP189.1 B
Council for the Welfare of Children	PhP73 M	PhP72 M
Inter-Country Adoption Board	PhP69 M	PhP57 M
National Council on Disability Affairs	PhP106 M	PhP74 M
Juvenile Justice and Welfare Council	PhP129 M	PhP115 M
National Anti-Poverty Commission	PhP256 M	PhP243 M
National Commission on Indigenous Peoples	PhP1.2 B	PhP1.5 B
Presidential Commission for the Urban Poor	PhP191 M	PhP199 M
Total	PhP176.9 B	PhP191.4 B

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

Table 2. Select Accomplishments and Targets of the DSWD, 2020-2022

Particulars	2020 Actual	2021 Target	2022 Target
Number of <i>Pantawid</i> households provided with conditional cash grants	4,388,951	4,400,000	4,400,000
Number of poor households assisted through the Sustainable Livelihood Program	198,249	122,489	153,684
Number of households that benefited from completed KC-NCDDP sub-projects	630,884	927,500	2,500,000
Number of children in Child Development Centers and Supervised Neighborhood Plays provided with supplementary feeding	1,847,970	1,936,868	1,936,868
Number of children or lactating mothers served through the BangUN Program	15,890 children; 5,825 pregnant and lactating women	15,000 children; 7,000 pregnant and lactating women	15,000 children; 7,000 pregnant and lactating women

Each qualified household can benefit from this program for a maximum period of seven years before being evaluated for the “graduation”². Aside from the subsidies, a monthly “Family Development Session” will be conducted to enhance the parenting capabilities of the beneficiaries and encourage them to be more active citizens of society.

Furthermore, victims of natural and man-made disasters rendered homeless and with no means of livelihood; indigenous peoples in disadvantaged communities; homeless street families; and other household beneficiaries of this program, whose lives have improved through the program but are still at risk of falling back into poverty, are qualified to be beneficiaries of the 4Ps.

Social Pension for Indigent Senior Citizens. In 2020, it was reported that senior citizens use the social pension they received from the government to support their food, medical, and health check-up needs. To assure this continued support for indigent senior citizens, PhP23.5 billion has been allotted for 2022 to cover a monthly stipend of PhP500.00 for 3,835,066 senior citizens.

Centenarians Act of 2016. To ensure the full implementation of the Centenarian’s Act of 2016, which pays tribute to Filipino citizens who have reached the age of 100, a budget of PhP135.6 million is allotted to the DSWD, which targets to deliver a cash gift of PhP100,000 to 1,281 centenarians.

Livelihood

Sustainable Livelihood Program (SLP). To promote inclusive growth, especially in local communities, PhP4.9 billion of the DSWD’s budget will go to the SLP in 2022. This program aims to provide skills training and capacitate poor, vulnerable, and marginalized sectors of the community, in order to improve their living conditions. The government will provide access to free trainings, seminars, and programs on employment and business creation.

Table 3. Beneficiaries of the SLP, 2020-2022

Particulars	2020 Actual	2021 (Revised) Target	2022 Target
No. of households assisted through the SLP	198,249	192,326	153,684

The SLP has two tracks: the micro-enterprise development track and employment facilitation track. The first track is for those who are interested in entrepreneurship, while the latter is for those who are looking for employment opportunities. In 2020, 198,249 households were assisted through this program. For fiscal year 2022, the SLP will provide services to 153,684 families.

Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services: Kapangyarihan at Kaunlaran sa Barangay (KALAHI-CIDSS-KKB)-Balik Probinsya, Bagong Pag-asa Program. In support of the objective to provide equitable access to livelihood and employment opportunities all over the country, PhP2.7 billion is earmarked for the *Balik Probinsya, Bagong Pag-asa* Program in 2022. The program aims to ensure that the residents of Metro Manila, especially informal settlers, will have sustainable sources of income once they return to their home provinces. On top of that, the program will also provide assistance to stranded overseas Filipino workers and students to enable them to safely reach their destinations. (See *Labor and Employment* section for more details.)

Human Rights

Individuals and Families in Especially Difficult Circumstances. A budget of PhP18.0 billion is allotted to fund the DSWD’s Assistance to Individuals in Crisis Situation (AICS) and Alternative Family Care (AFC) Programs. The target beneficiaries of these efforts in 2022 are 1,389,339 Filipinos, around 165,069 higher than the 1,224,270 Filipinos it assisted in 2020.

Under the AICS, beneficiaries may receive transportation, medical, burial, food and non-food, and/or educational assistance to clients referred by the Crisis Intervention Units of the DSWD. They are eligible to receive PhP1,000.00 to PhP150,000.00 or higher, subject to the type of assistance and evaluation of the DSWD social worker.

The AFC Program, which underscores the importance of the family as a basic social institution, is focused on homeless, neglected, abused, and/or abused children. The program seeks to ensure their care and protection in foster homes, where they will be prepared for eventual reintegration with their biological parents or placement with an adoptive family in the future. In 2020, a total of 1,978 children were served through this program.

Distressed Overseas Filipinos (OFs) and Trafficked Persons. Despite the pandemic, a total of PhP17.8 billion in OF workers' remittances was recorded from January to July 2021, a 5.8 percent increase from the PhP16.8 billion recorded in the same period last year.³ Recognizing the importance of OF workers, PhP172 million has been allotted to safeguard them from abuses, exploitation, and deportation. Of this amount, PhP94 million will fund the services for distressed OFs and PhP53 million will be for displaced OFs. A budget of PhP25 million is also allotted for the recovery and reintegration of trafficked persons. In 2022, the government targets to provide social services to 2,000 trafficked persons and 29,253 distressed and undocumented OF workers.

Persons with Disabilities (PWDs). To create opportunities that will allow PWDs to achieve their fullest potential and help in nation-building, PhP75 million will fund the programs and projects under the National Council on Disability Affairs (NCDA). In 2022, the NCDA targets to increase the number of local government units (LGUs) with PWD programs to 195, maintaining its target in 2021 and slightly higher than the 182 LGUs in 2020. They also aim to register at least 400,000 persons in the Department of Health-Philippine Registry of Persons with Disability.

Women and Children. Gender equality is essential to ensure genuine equitable access to opportunities. According to the Global Gender Gap Report 2021 of the World Economic Forum, the Philippines ranked 1st in Asia and 17th in the world in terms of having good progress towards gender parity.⁴ To maintain if not further improve this, the Philippine Commission on Women will receive PhP114 million in 2022. This budget will be used in the crafting of policies, plans, and programs that are gender responsive.

The Council for the Welfare of Children will receive PhP72 million to assess and audit 1,643 LGUs on whether they are implementing child-friendly and child-sensitive practices, such as ensuring that children are able to complete their education, reducing mortality among children, and eradicating child labor, among others.

Indigenous Peoples. The government remains committed to the protection of IPs, including the preservation of their customs and culture. In 2020, a total of 65,508 IPs benefited from the various programs of the National Commission on Indigenous Peoples (NCIP).

The proposed PhP1.5 billion 2022 budget of the NCIP will fund IP education and advocacy services (PhP190 million), IP health services (PhP128 million), and IP culture services (PhP34 million), among others. Also, PhP196 million of this amount has been set aside for the Indigenous Peoples Rights Protection Program.

Living Conditions

Poverty. To strengthen the partnership between the government and other stakeholders in eradicating poverty, PhP243 million has been allotted for the National Anti-Poverty Commission (NAPC) in 2022. As the primary agency that formulates anti-poverty strategies, the NAPC ensures that government programs and projects are people-responsive and improves the quality of life of Filipinos, especially the poor and the marginalized.

Street Children, Street Families, and IPs –especially Badjaos. To address the issue of street dwellers, a common sight before the pandemic and a continuing challenge even in the midst of it, the DSWD will allot PhP35 million to empower partner-stakeholders and local governments to uplift the conditions of these disadvantaged and marginalized groups.

Disasters. In 2020, a total of 739,425 internally-displaced households were provided with disaster response services, while 791,476 households with damaged homes were given early recovery services through this program.

The PhP4.7 billion proposed 2022 allocation for the DSWD's Disaster Response and Management Program will be used for the rehabilitation and relief programs in areas affected by natural or human-induced calamities, epidemics, and catastrophes, among others, to normalize the lives of the people as quickly as possible.

Conflict-affected and -vulnerable communities. To ensure the socioeconomic development in areas that are prone to and affected by conflicts, the government has earmarked PhP1.4 billion for the *Payapa at Masaganang Pamayana* (PAMANAN) Program to implement interventions, such as easier access to basic social services covering areas identified by the Office of the Presidential Adviser on the Peace Process (OPAPP).

Moving Forward in the Post-Pandemic Life

As the entire nation adapts to the emerging challenges of a post-pandemic life, the government will continue to aspire and endeavor to narrow the opportunities and productivity gap between the rich and the poor, toward the ultimate goal of peaceful, comfortable, and improved lives for the current and future generations of Filipinos.

Endnotes:

¹ World Bank. (2021, January 27). *COVID-19 Impacts on Low Income Families in the Philippines*. Retrieved from <https://www.worldbank.org/en/country/philippines/brief/covid-19-impacts-on-low-income-families-in-the-philippines>

² Graduation refers to the improvement of the level of well-being of poor households from survival and subsistence to self-sufficiency towards their eventual exit from the Program through provision of integrated and holistic support services and programs. (Source: Implementing Rules and Regulations of Republic Act No. 11310)

³ Bangko Sentral ng Pilipinas. (2021). *Overseas Filipinos' Remittances*. Retrieved from <https://www.bsp.gov.ph/Statistics/External/Table%2011.pdf?>

⁴ World Economic Forum, (2021, March 31). *Global Gender Gap Report 2021*. Retrieved from <https://www.weforum.org/reports/ab6795a1-960c-42b2-b3d5-587eccda6023>

Labor and Employment

The Philippines was experiencing its longest-ever employment expansion prior to the COVID-19 pandemic. The increased job opportunities in the three years before the global health crisis had led to the continuous decline in the unemployment rate and improvement in the overall quality of employment. In January 2020, about 42.5 million individuals or 94.7 percent of the labor force was employed, while only 2.4 million people or 5.3 percent of the labor force was considered unemployed.¹

The pandemic, however, triggered an unprecedented global economic and labor market crisis, reversing in just a few months the labor market's gains over the years.

The annual unemployment rate in 2020 reached a record high of 10.3 percent, accounting for 4.5 million unemployed Filipinos in the labor force, compared to only 5.1 percent in 2019. Meanwhile, the annual employment rate, or the proportion of employed persons to the total labor force, fell from 94.9 percent in 2019 to 89.7 percent or the equivalent of 39.4 million total employed persons in 2020.²

The annual average unemployment and employment rates in 2020 are the country's highest and lowest, respectively, since the adoption of the new definition of unemployed in 2005, reflecting the impact of the various community quarantine restrictions and other measures that were put in place amid the COVID-19 pandemic.

While steps have already been taken to gradually reopen the economy and stimulate recovery in the labor market, the

momentum of economic resurgence has been hampered by continuing challenges of the pandemic and the emergence of more virulent variants, resulting in the reimposition of various community quarantine measures in 2021.

The employment rate in January 2021 stood at 91.3 percent, maintaining the October 2020 level. This translates to 41.2 million Filipinos who were employed, out of the 45.2 million in the labor force in that period.³

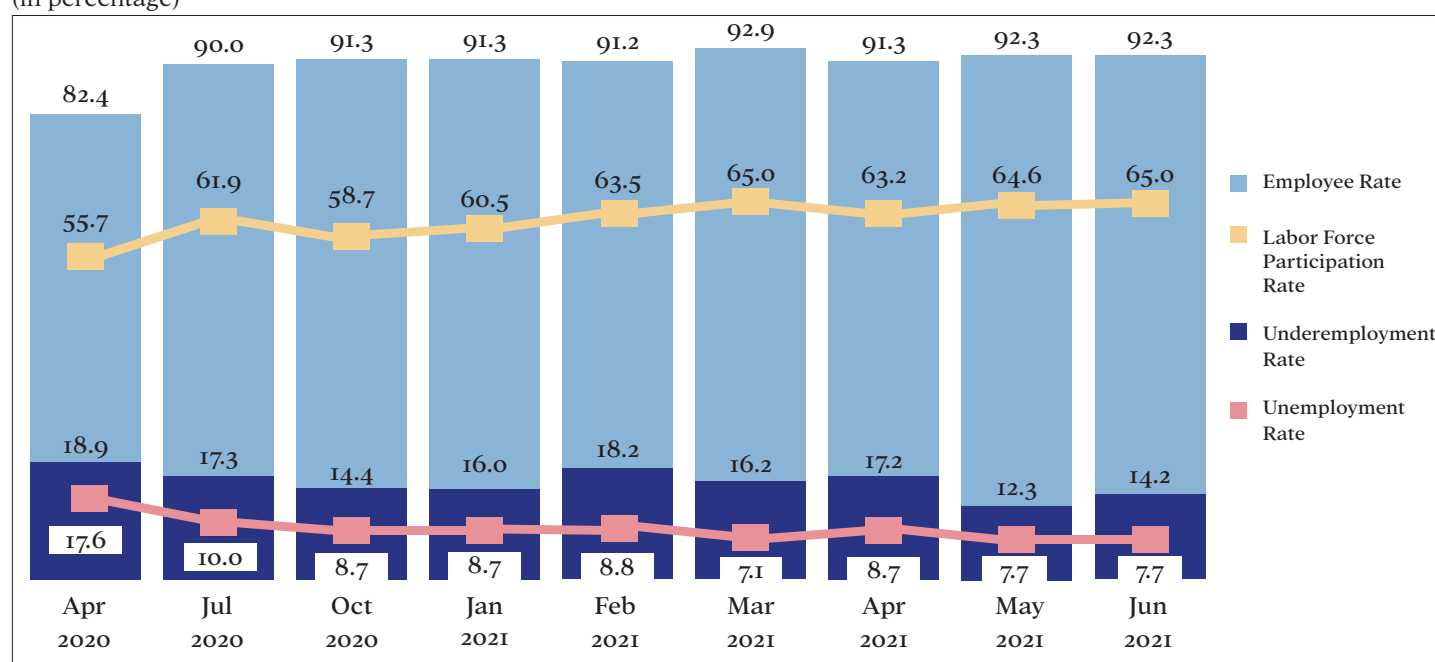
However, the reimposition of the Enhanced Community Quarantine in Metro Manila in March and August 2021 set the country a step back with an upswing in unemployment and declining employment in the April round of the labor force survey.

With the most recent round of the labor force survey reflecting the country's lowest unemployment rate since the onset of the pandemic at 6.9 percent in July 2021, the labor sector may be seeing the start of its recovery phase, but remains unstable given the continued restrictions that lead to businesses downsizing, restructuring, or shutting down.⁴

The country's employment rate was pegged at 93.1 percent in July, slightly higher than the 92.3 percent in June. However, this was down in absolute terms with 41.7 million employed in July compared with 45.1 million in June, as the decline in employment was offset by the shrinking size of the labor force.⁵

The reduction in the labor force participation rate resulted in a net job loss of 3.4 million from June to July, bringing total employment to 0.8 million below pre-pandemic level.⁶

Figure 1. 2021 Key Employment Indicator
(in percentage)



Source: PSA

Table 1. Programs and Budgets on Job Generation and Emergency Employment
(in billion Pesos)

Particulars	2020 Actual	2021 GAA	2022 NEP
Department of Labor and Employment	38.16	37.13	44.90
<i>Of which:</i>			
<i>Tulong Panghanapbuhay sa Ating Disadvantaged/ Displaced Workers (TUPAD) Program and Government Internship Program (GIP)</i>	12.03	19.04	21.04
DOLE Integrated Livelihood Program (DILP)	0.72	0.91	0.81
Adjustment Measures Program (AMP)	4.53	0.49	0.49
Jobstart Philippines	0.01	0.04	0.04
Special Program for Employment of Students (SPES)	0.20	0.59	0.56

On the other hand, the number of underemployed persons was estimated at 8.7 million, or 20.9 percent of the 41.7 million employed individuals in July. This marks the highest underemployment rate since the onset of the pandemic.⁷

With the instability of the employment situation in the country, it is crucial to sustain government efforts in implementing various employment recovery measures and programs, while also strengthening healthcare capacities to enable more people to safely join the labor force and become more productive.

Ensuring Employment and Workforce Support

Since the onset of the COVID-19 pandemic, the Department of Labor and Employment (DOLE) has provided assistance for workers in the informal and formal sectors, as well as the country's returning overseas Filipino workers (OFWs). Under the *Bayanihan* I and II, the DOLE was able to assist 4.024 million workers, with a total disbursement of PhP21.05 billion from the Bayanihan funds.⁸

Meanwhile, the National Employment Recovery Strategy (NERS 2021-2022), anchored on the Updated Philippine Development Plan 2017-2022 and ReCharge.PH was developed and institutionalized to bring back at least 220,000 jobs and assist 1.421 million workers.⁹ President Duterte signed Executive Order No. 140 to institutionalize NERS 2021-2022 as the government's master plan for the restoration of the country's labor market in consideration of the changes wrought by the pandemic and the accelerated adoption of new technologies.

Recognizing the labor force sector reality, and in support of its functions on policy-making and programming for the labor sector, the DOLE will receive PhP44.90 billion for 2022, which is 20.9 percent higher than its 2021 budget of PhP37.13 billion. The increase in the budget of DOLE reflects the

government's continuing commitment to restart economic activities, specifically by assisting displaced workers, upskilling the workforce, regaining business confidence, and accelerating labor market access.

Sustaining Safety Nets for Displaced Workers

Based on the latest Job Displacement Monitoring Report of the DOLE, a total of 191,117 workers from 6,602 establishments were displaced from January to May 2021 due to disruptions caused by the COVID-19 crisis.¹⁰

The National Capital Region recorded the highest number of displaced workers at 114,178. This was followed by Region VII with 20,632 displaced workers. Meanwhile, the number of displaced workers in other regions are as follows: Region III, 18,345; CALABARZON, 12,819; MIMAROPA, 7,288; Region VI, 5,436; Region I, 2,859; Region V, 2,795; Region XI, 1,747; Region X, 1,438; Region II, 976; Region XII, 934; CAR, 617; Region VII, 482; CARAGA, 306; and Region IX, 165.¹¹

Tulong Panghanapbuhay sa Ating Disadvantaged/ Displaced Workers (TUPAD) Program and Government Internship Program (GIP). Among the objectives of the NERS 2021-2022 is to sustain the empowering safety nets for the Filipino labor force. Thus, to ensure that appropriate assistance and support is given to displaced workers affected by the persistent onslaught of the COVID-19 pandemic, the Livelihood and Emergency Employment Program of the DOLE is allotted a budget of PhP22.34 billion, of which PhP21.04 billion is earmarked for the *Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers (TUPAD) Program* and the *Government Internship Program (GIP)*.

The amount of PhP20.40 billion will cover the payment of wages of displaced workers under the TUPAD Program, a short-term emergency employment program of the DOLE which aims to provide a safety net or wage subsidy to informal

workers during calamities, disasters, and epidemics. Since 2020, it has been utilized as a COVID-19 response measure to help informal workers recover from economic displacement and loss of income.

For the TUPAD Program, the DOLE will give priority to the following: (a) indigent families under the National Household Targeting System for Poverty Reduction; (b) informal sector families; and (c) those under the next lower poverty level, as determined by the Department of Social Welfare and Development.

As of September 2021, a total of 2.9 million displaced workers from the informal labor sector have benefited from the TUPAD Program. Likewise, a total of PhP12 billion has already been disbursed as salaries of displaced workers who were hired by the government for temporary employment in exchange for community services.¹²

Meanwhile, PhP637.72 million will be provided for the GIP to extend internship opportunities to high school, technical-vocational, and college graduates who are 18 years old and above. Beneficiaries receive a stipend equivalent to the prevailing minimum wage in the region where the recipient resides.

For 2022, the TUPAD and GIP Programs aim to assist 1,719,856 displaced workers and beneficiaries, 17.4 percent lower than the program's target beneficiaries of 2,082,603 in 2021 due to the higher requirements for the TUPAD Program.

DOLE Integrated Livelihood Program. To provide grant assistance for capacity-building on livelihood and entrepreneurial ventures for vulnerable and marginalized workers, PhP809.52 million has been set aside for the DOLE Integrated Livelihood Program (DILP) to assist 24,040 beneficiaries in 2022.

Among the services provided for the DILP beneficiaries are trainings on business planning, basic entrepreneurship development training, productivity and workers safety and health, production skills, provision of working capital, and provision of continuing technical and business advisory services, among others.

Adjustment Measures Program. To mitigate the adverse effects of the COVID-19 crisis on displaced formal workers,

PhP491.62 million is allotted for the Adjustment Measures Program (AMP) of the DOLE. The program aims to enhance the employability of workers and assist companies in restructuring policies and workforce adjustment measures to ensure a socially responsible workforce.

For 2022, these programs will continue to assist and support displaced workers affected by the COVID-19 crisis by facilitating livelihood formation and restoration, enhancing employability, and assisting companies in restructuring workforce policies.

Creating Opportunities for Meaningful Employment Generation

The recent rounds of the labor force survey exhibit the limits of employment generation without major relaxations in community quarantine measures. With the emergence of COVID-19 variants, the government has prioritized containing its spread through more proactive quarantine measures and an accelerated vaccination program to enable more people to safely join the labor force.

Based on the data from the labor force surveys conducted in 2021, the net employment creation between January 2020 and June 2021 was 2.5 million. Likewise, the data also shows that employment generation is highly correlated to the level of quarantine restriction.

With the gradual reopening of the economy, the avenues for recovery are in place but will require better coordination so that jobs, livelihood, and training opportunities reach the unemployed and those entering or re-entering the labor market.

To create more opportunities for meaningful job generation, PhP762.96 million is allocated for the DOLE's Employment Facilitation Program. To implement the program, PhP564.25 million will be provided for the Special Program for Employment of Students (SPES) to help a total of 77,912 youth beneficiaries in 2022.

The program, which provides the youth with valuable work experience for better school-to-work transition, will prioritize qualified low-income students, out-of-school youths, and dependents of displaced workers who aim to finish their education. In 2021, the SPES aims to benefit 74,412 student beneficiaries.

Figure 2. Employment Generation Situationer

Jan 2020	Apr 2020 (ECQ)	Jul 2020 (GCQ)	Oct 2020 (GCQ)	Jan 2021 (GCQ)	Feb 2021 (GCQ)	Mar 2021 (GCQ)	Apr 2021 (ECQ)	May 2021 (MECQ/ GCQ)	Jun 2021 (GCQ)
42.5 M Employment	33.8 M	41.3 M	39.8 M	41.2 M	43.1 M	45.3 M	43.3 M	44.7 M	45.1 M
	-8.7 M	+7.5 M	-1.5 M	+1.4 M	+1.9 M	+2.2 M	-2.1 M	+1.4 M	+0.4 M

Source: PSA

Table 2. Programs and Budgets on OFW Repatriation, Reintegration, and Assistance
(in billion Pesos)

Particulars	2020 Actual	2021 GAA	2022 NEP
Emergency Repatriation Program	10.76	6.19	11.24
Reintegration Services for OFWs	0.05	0.05	0.05

The Jobstart Philippines Program is allotted PhP41.49 million to provide school-to-work transition assistance skills to 1,000 beneficiaries in 2022. The program aims to increase the employability of young Filipinos through formal education and technical training, such as paid internships and access to full-cycle employment facilitation services.

Strengthening Assistance for Repatriated and Displaced OFWs

In recent years, approximately two million Filipinos have left yearly to work overseas, and another 80-90 thousand have chosen to permanently move to another country. Annual remittances from these Filipino overseas workers (OFWs) comprise about 10 percent of the country's GDP.¹³

The COVID-19 pandemic has not spared these Filipinos overseas, and indeed over more than a year of its rampage has displaced a multitude of migrant workers and OFWs who are now faced with increased vulnerabilities and challenges. In the face of the large distribution of OFWs in the world, and their disrupted employment as a consequence of the pandemic, the government is confronted and must proactively deal with problems and concerns related to the repatriation and reintegration of returning overseas Filipinos. Among these concerns is the reality that returning OFWs are coming home to a relatively weaker labor market and a general economic slowdown.

The unprecedented volume of OFWs intending to return and those who have already returned have put pressure on the capacities of the government to provide assistance and implement reintegration programs. As of August 2021, around 1.3 million Filipinos abroad have already been repatriated since the onset of the COVID-19 pandemic, 1.1 million of whom were OFWs while 273,546 were residents returning from abroad.¹⁴

As the designated agency for repatriation efforts, the Overseas Workers Welfare Administration (OWWA) coordinates and responds to the needs of OFW arrivals and facilitates the transfer of OFWs to their province of origin. Specifically, workers are accorded airport assistance, temporary shelter at the OWWA Halfway Home, psycho-social counseling, stress debriefing, among others.

Since the surge of repatriations due to the COVID-19 crisis in 2020, the OWWA has provided returning OFWs with free COVID-19 testing, accommodation, food packs, transportation to their home regions, and monitoring.

To continue to protect our modern-day heroes' rights and welfare, as well as address their particular needs during the lingering COVID-19 crisis, PhP12.07 billion will be allotted for the OWWA's Social Protection and Welfare for OFWs Program in 2022.

Repatriation. Of the PhP12.07 billion budget for the Social Protection and Welfare for OFWs Program, PhP11.24 billion is lodged under the OWWA's Emergency Repatriation Program, 81 percent higher than the program's PhP6.19 billion budget in 2021. The amount will fund the following programs/activities: (a) provision of transportation services for OFWs; (b) provision of temporary shelter and accommodation for OFWs undergoing mandatory quarantine; (c) daily provision of food packs; and (d) psychosocial counseling, stress debriefing for the estimated 367,287 repatriated OFWs in 2022.

Reintegration. To facilitate the productive return of OFWs to their families and communities upon repatriation, some PhP52.67 million is earmarked for the Reintegration Services for OFWs Program of OWWA.

The program provides OFWs and their families with opportunities for accessing projects and services that would help them mitigate the social cost of migration and cushion the impact of forced repatriation due to unexpected events such as the COVID-19 pandemic. It also aims to maximize the gains of overseas employment through local employment/re-employment or business/enterprise development facilitation. For 2022, the program aims to assist 4,347 target beneficiaries.

Towards a Healthy and Robust Workforce

The COVID-19 pandemic has transformed from a public health crisis into a major economic and labor crisis that is still unfolding. Clearly, the pandemic has had significant labor market impacts, including massive job losses and unemployment, a decline in labor force participation, reductions in hours worked, and countless workers who have been displaced not only locally, but also beyond our borders.

To further pursue a healthy, resilient, and robust recovery for the labor sector, the government is prepared to intensify its efforts to spur and save jobs, help displaced workers to find re-employment, and re-tool and upskill the current workforce so that they will be able to adapt and thrive amidst these changes.

For 2022, the government remains firmly resolved in its efforts to enhance the employability of Filipino workers, while also ensuring the protection of their health and rights amid the new normal. The proposed 2022 National Budget is thus crucial, not only as a tool to regain our economic foothold, but also to help the country's labor workforce thrive in the post-COVID-19 labor market.

Endnotes:

¹ PSA. (2020, August 7). *Employment Situation in January 2020*. Retrieved from <https://psa.gov.ph/content/employment-situation-january-2020-0>

² PSA. (2021, March 8). *2020 Annual Preliminary Estimates of Labor Force Survey (LFS)*. Retrieved from <https://psa.gov.ph/content/2020-annual-preliminary-estimates-labor-force-survey-lfs>

³ PSA. (2021, March 9). *Employment Situation in January 2021*. Retrieved from <https://psa.gov.ph/content/employment-situation-january-2021>

⁴ PSA. (2020, September 7). *Unemployment Rate in July 2020 is Estimated at 6.9 percent*. Retrieved from <https://psa.gov.ph/statistics/survey/labor-and-employment/labor-force-survey/title/Unemployment%20Rate%20in%20July%202021%20is%20Estimated%20at%206.9%20percent>

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

⁸ DOLE. (2021, July 22). *DOLE highlights key accomplishments ahead of PRRD's final SONA*. Retrieved from <http://www.ble.dole.gov.ph/index.php/dole-highlights-key-accomplishments-ahead-of-prrd-s-final-sona>

⁹ Ibid.

¹⁰ Chiu, P. (2021, June 11.) *DOLE: Over 191K workers displaced from January to May*. *Inquirer*. Retrieved from <https://newsinfo.inquirer.net/1444664/dole-over-191k-workers-displaced-from-january-to-may>

¹¹ Ibid.

¹² Department of Labor and Employment. (2021, September 2). *DOLE aid reaches 2.9M workers*. Retrieved from <https://www.dole.gov.ph/news/dole-aid-reaches-2-9m-workers/>

¹³ National Economic and Development Authority. (n.d.) *Updated Philippine Development Plan*. Retrieved from https://pdp.neda.gov.ph/wp-content/uploads/2021/08/8312021_Updated-PDP-2017-2022.pdf

¹⁴ Valente, C. (2021, August 26). *Govt repatriates 1.3M Filipinos in pandemic*. *Manila Times*. Retrieved from <https://www.manilatimes.net/2021/08/26/news/national/govt-repatriates-13m-filipinos-in-pandemic/1812380>

Healthy and Decent Housing

Ensuring Access to Decent Housing, Water, and Energy

The various forms of quarantine lockdowns implemented to limit the transmission of the COVID-19 virus has exposed vulnerable households to unintended income losses and exacerbated housing affordability. Furthermore, as the 2017 projection of the Housing and Urban Development Coordinating Council¹ and the Philippine Statistical Research and Training Institute forecasts, the number of informal settler families (ISFs) in Metro Manila may reach 339,397 by 2022.² These ISFs live in inadequate and overcrowded spaces where the prescriptions on how to contain the pandemic, such as physical distancing, are difficult to carry out.

On the structural and transactional side, the pandemic also highlighted housing challenges such as the lack of suitable land for socialized housing development, and the tedious processing of permits and clearances.³ Add to these the disruptions in production and delivery of building materials, mobility of workers, and construction of settlements due to local and national pandemic response measures.⁴

The pandemic also postponed other energy grid infrastructure projects⁵, and due to the crisis's impact on food systems, agencies and local government units will have to ensure that water withdrawals for agricultural and industrial recovery will not undermine basic domestic needs or overdraw aquifers and other natural sources.⁶

Despite these setbacks, however, in adherence to its goal that no one shall be left behind, the government is determined to expand housing availability, increase energy

accessibility, and sustain access to water and sanitation to every Filipino household, especially those who are most in need of these.

Providing Safe and Livable Housing

The Administration sustains the efforts to provide Filipinos, especially the informal, marginalized, and disadvantaged sectors, with safe and affordable homes equipped with basic utilities. For 2022, the housing sector will be allocated PhP6.43 billion to fund housing and community development programs.

PhP899 million of this will go to the Department of Human Settlements and Urban Development (DHSUD), the primary policy-making, regulatory, coordination, and monitoring agency for all housing, human settlements, and urban development concerns as mandated by Republic Act (RA) No. 11201.

Of this, PhP102 million will finance the Human Settlements and Urban Development Coordination Program, PhP99 million will fund the Homeowners Association and Community Development Program, PhP84 million will go to the Housing and Real Estate Development Regulation Program, and PhP57 million will finance the Environmental, Land Use and Urban Planning and Development Program.

Through these programs, the DHSUD intends to achieve the following outcomes in 2022:

- 16.2 percent of families provided security of tenure in available public housing;
- 115,242 socialized and 76,282 low-cost housing produced;
- 1,500 families provided with secure tenure through the distribution of Certificates of Entitlement to Lot Allocation;
- 80 reviewed Comprehensive Land Use Plans and Provincial Physical Framework Plans compliant to land use planning standards and guidelines;
- 97 percent of homeowners associations acted upon within the prescribed period;
- 94 percent of license to sell applications acted upon within the prescribed period, among others.

Table 1. Budgets and Major Programs of Housing Agencies, 2022
(in million Pesos)

Agencies	Programs	2022 NEP
Department of Human Settlements and Urban Development	Human Settlements and Urban Development Coordination Program	101.86
	Homeowners Association and Community Development Program	99.28
	Housing and Real Estate Development Regulation Program	84.14
	Environmental, Land Use and Urban Planning and Development Program	57.08
National Housing Authority	Lot Development and Provision of Housing and Community Facilities Sub-program	2,000.00
	Housing Assistance Sub-program	2,000.00
National Home Mortgage and Finance Corporation	Socialized Housing Loan Take-out of Receivables (SHeLTeR) Program	1,000.00
Social Housing Finance Corporation	High Density Housing Program	313.92
	Community Mortgage Program	186.08

To continue ongoing housing projects, the National Housing Authority (NHA) will be given PhP4.0 billion for its Comprehensive and Integrated Housing Program. Under this program, PhP2.0 billion will go to the Lot Development and Provision of Housing Community Facilities Sub-program which intends to construct an approximate of 3,545 lot packages and housing units for intended beneficiaries.⁷ Another PhP2.0 billion will be provided for the Housing Assistance Sub-program which would fund the emergency housing assistance intended for the repair or reconstruction of partially or totally damaged houses of calamity-stricken families.

To continue to assure access to affordable housing loans for Filipino homebuyers, PhP1.0 billion will be provided for the Socialized Housing Loan Take-out of Receivables (SHeLTaR) Program under the National Home Mortgage and Finance Corporation. With this allocation, the SHeLTaR Program aims to assist 1,887 low-income families in 2022.

As the lead government agency in the implementation of social housing programs that will cater to the formal and informal sectors in the low-income bracket, the Social Housing Finance Corporation will receive PhP500 million. Of this total budget, PhP313.92 million or 62.8 percent will fund the High Density Housing Program, intended to benefit 2,128 ISFs residing in danger areas within Metro Manila by offering relocation or in-city high density housing facilities.⁸

Increasing Energy Accessibility and Power Generating Capacity

According to the 2021 Systematic Review of the Socio-economic Impacts of Rural Electrification conducted by the United Nations' Economic and Social Commission for Asia and the Pacific, access to electricity increases income, work and education productivity due to lighting, and widened access to information, opportunities, and resources. The results are consistent for all economic indicators examined, suggesting that electrification is crucial to economic growth.⁹

Achieving full electrification of unserved and underserved areas across the country by 2022 is one of the goals of the Administration. The Department of Energy (DOE), in its 2019-2020 Energy Sector Accomplishment Report, announced that the country is on track to meet this target, with the household electrification level standing at 93.5 percent as of June 2020, boosting an additional 292,491 energized households. In particular, household electrification is already at almost 98 percent in Luzon, 94.6 percent in Visayas, and 81.3 percent in Mindanao.¹⁰

In addition, the National Electrification Administration (NEA), through the Rural Electrification Program, has energized 594 *sitios* and provided electricity to 522,905 additional consumers. This brings the total number of electric cooperatives franchise areas to 78 provinces, 90 cities, 1,387 municipalities, 36,079 barangays, and 124,162 *sitios*.¹¹

Table 2. Budgets and Major Programs of Agencies in the Power and Energy Sector, 2022
(in million Pesos)

Agencies	Programs	2022 NEP
National Electrification Administration	<i>Sitio</i> Electrification Project	1,627.50
National Power Corporation	Missionary Electrification Program	1,186.21
Department of Energy	Total Electrification Project	500.00 ^{a/}
	Renewable Energy Development Program	133.00 ^{b/}

^{a/}Sourced from Automatic Appropriations, Special Account in the General Fund (SAGF)

^{b/}Inclusive of SAGF amounting to PhP789 million

To ensure that every Filipino household has adequate access to electricity, the FY 2022 proposed National Budget is allocating PhP14.1 billion to the Power and Energy sector.

In addition to the PhP1.3 billion for the DOE's power and energy projects, a total of PhP812.73 million is allocated to the DOE to finance energy resource development and exploitation programs and projects, chargeable against the Special Account in the General Fund, of which PhP500 million will fund the Total Electrification Project which aims to provide electricity access to targeted unserved areas as determined by the Task Force *E-Power Mo*—Technical Working Group (TFEM-TWG), the National Electrification Administration (NEA), National Power Corporation (NPC), and the concerned electric cooperatives (EC) and distribution utility firms.

Some PhP133 million, also under the DOE, will go to the Renewable Energy Development Program, to strengthen the development, utilization, and commercialization of renewable energy resources through the establishment of Renewable Energy Market, Green Energy Option Program, and encouraging the adoption of waste-to-energy facilities.

In addition to the DOE's programs, some PhP1.8 billion will be allocated to the National Electrification Administration (NEA) for its implementation of the National Rural Electrification Program, PhP1.6 billion of which will finance the *Sitio* Electrification Project to energize 1,085 *sitios* through the extension of distribution lines.

The remaining PhP200 million of the allocated NEA budget is earmarked for the Electric Cooperatives

Emergency and Resiliency Fund pursuant to RA No. 11039. This is to provide financial assistance to electric cooperatives in the form of grants for the immediate restoration or rehabilitation of damaged electric infrastructure after a fortuitous event or force majeure. To ensure continuous power generation and delivery to off-grid areas or those that are not connected to the main grid or transmission system, the government has allocated PhP1.2 billion in subsidy to the National Power Corporation to fund the Missionary Electrification Program. This seeks to provide additional generating capacity of 39.83 megawatts for Small Power Utility Groups in 11 areas.

Ensuring Adequate Water and Sanitation Services

In addition to a reliable source of energy, access to clean and potable water is a basic requisite for decent housing. While access to basic water and sanitation services directly improves health and hygiene, thus making it a vital component of a livable shelter, to some extent, water management also leads to immediate and long-term socioeconomic benefits.

Water and sanitation improve productivity and enable income-generating environments. Reliable water services free up time and labor from having to fetch water from far away sources, which could be devoted to other pursuits such as education and industry. Furthermore, the policies created for the delivery of these services promote sustainable and responsible use of water resources.¹² Not to mention that the lack of these services contributes to the outbreak and transmission of health emergencies such as the COVID-19 pandemic.¹³

Table 3. Budgets and Major Programs of Agencies in Water Utilities
(in million Pesos)

Agencies	Programs	2022 NEP
Local Water Utilities Administration	Water Supply and Sanitation Program	526.56
Department of Environment and Natural Resources	Missionary Electrification Program	55.89

To ensure household access to clean water and proper sanitation, the Administration is funding water and sanitation programs to ensure the availability of these basic services.

Some PhP527 million in subsidy will be given to the Local Water Utilities Administration (LWUA) for its Water Supply and Sanitation Program. Included in this program are sanitation projects in the Manila Bay

Rehabilitation areas. These areas cover eight (8) provinces and 178 local government units in the National Capital Region, Region III, and Region IV-A, as these locations cover the 17 principal river systems draining into Manila Bay.¹⁴

Meanwhile, the National Water Resources Board responsible for managing the country's water resources, will receive PhP56 million for its Water Resources Enforcement and Regulatory Program to improve resource regulation and monitoring of water appropriation/utilization for various purposes; and enforce compliance to water-related laws and policies.

Links between Housing Needs and Pandemic Recovery

Livable houses with adequate utilities are basic requirements for a comfortable and productive life. A sense of comfort and security empowers every Filipino to contribute to the economy, avail of education, and participate in various industries, among other pursuits. Addressing the demand for housing also protects the socioeconomically disadvantaged from exposure to illnesses and other health risks, as well as promotes healthy and thriving environments. Given the impact of housing on health and the economy, it is fundamental for the government to recalibrate its housing and community development goals in order to nurture the potential of the country's human capital.

Endnotes:

¹Now consolidated with the Housing and Land Use Review Board as the Department of Human Settlements and Urban Development or DHSUD

²Presidential Communications Operations Office. (2021). *The President's Final Report to the People 2016-2021*. Retrieved from <https://www.officialgazette.gov.ph/downloads/2021/07jul/20210726-FINAL-REPORT-TO-THE-PEOPLE-2016-2021-PRRD.pdf>

³National Economic and Development Authority. (n.d.). *Updated Philippine Development Plan 2017-2022*. Retrieved from https://pdp.neda.gov.ph/wp-content/uploads/2021/08/8312021_Updated-PDP-2017-2022.pdf

⁴De Vera, B. (21 July 2020). *Pandemic impact felt in construction, too, as projects fall in number, value*. Retrieved from <https://business.inquirer.net/303142/pandemic-impact-felt-in-construction-too-as-projects-fall-in-number-value>

⁵Oxford Business Group. (n.d.). *The Philippine government's new priorities for energy*. Retrieved from <https://oxfordbusinessgroup.com/overview/powerful-shift-year-disruption-allows-government-re-evaluate-priorities-and-chart-new-path-futurehttps://oxfordbusinessgroup.com/overview/powerful-shift-year-disruption-allows-government-re-evaluate-priorities-and-chart-new-path-future>

⁶Sadoff C. & Smith M. (4 June 2020). *Water in the COVID-19 crisis: Response, recovery, and resilience*. International Food Policy Research Institute. Retrieved from <https://www.ifpri.org/blog/water-covid-19-crisis-response-recovery-and-resilience>

⁷Based on the NHA's submission: 1,925 housing units for informal settler families (ISFs) affected by the clean-up of the Manila Bay area and approximately 1,620 housing units (based on the proposed FY 2022 program cost) for marginal-income families and/or ISFs affected by calamities through the Housing Assistance Program for Calamity Victims

⁸Social Housing Finance Corporation. (2020, October 1). *High Density Housing Program Fast Facts*. Retrieved from https://www.shfcph.com/HDH_Fast_Facts.html

⁹ Economic and Social Commission for Asia and the Pacific. (2021). *Systematic Review of the Socio-economic Impacts of Rural Electrification*. Retrieved from <https://www.unescap.org/sites/default/d8files/knowledge-products/Systematic-Review-of-the-Socio-economic-Impacts-of-Rural-Electrification%2026%20Feb.pdf>

¹⁰ Department of Energy. (2021). *Energizing Pathways to Resiliency & Inclusive Growth - The Energy Sector Accomplishment Report 2019 - 2020*. Retrieved from https://www.doe.gov.ph/sites/default/files/pdf/transparency/2019-2020_esar.pdf

¹¹ National Electrification Administration. (2021). *National Electrification Administration 2020 Annual Report*. Retrieved from https://www.nea.gov.ph/ao39/phocadownload/Annual_Reports//NEA%202020%20Annual%20Report.pdf

¹² United Nations-Water & United Nations-Water Task Force for the 2030 Agenda. (2016). *Water and sanitation interlinkages across the 2030 Agenda for Sustainable Development*. Retrieved 29 September 2021, from <https://www.unwater.org/publications/water-sanitation-interlinkages-across-2030-agenda-sustainable-development/>

¹³ National Economic and Development Authority. *Updated Philippine Development Plan 2017-2022*.

¹⁴ Department of Environment and Natural Resources. (n.d.) *Manila Bay Clean Up Program*. Retrieved from <https://www.denr.gov.ph/index.php/priority-programs/manila-bay-clean-up>

B. Attaining Food Security

Reducing poverty, achieving inclusive growth, ensuring food security, and addressing the impact of the COVID-19 pandemic are among the immediate and long term goals of the government. Critical in the achievement of these priorities is the Agriculture sector, which contributes a substantial percentage to the Philippine economy, employs millions of Filipinos, and ensures the sustainability of food sources to guarantee sufficient food for all.

Based on the report by the World Bank titled “Transforming Philippine Agriculture during COVID-19 and Beyond,” it is critical to modernize and transform the Agriculture sector to make it resilient and competitive. To quote the report, “Transforming Philippine agriculture into a dynamic, high-growth sector is essential, not only because of its connection to food security and the agri-food system, but also for poverty reduction.”¹

While the country faced even greater challenges with the emergence of COVID-19, around 59 million Filipinos experienced food insecurity even before the pandemic.² The crisis aggravated hunger in the country even more as the virus ravaged the Agriculture sector.

According to a Social Weather Stations survey, approximately 7.6 million Filipino households experienced hunger due to lack of food at least once during the height of the pandemic. The results of the survey showed hunger incidence of 30.7 percent, the highest rate since the previous record of 23.8 percent in March 2021.³

These factors, as well as the impact of the COVID-19 pandemic on the Agriculture sector, continue to shift the focus on implementing a COVID-19 response that is likewise anchored on food security.

Table 1. Allocations for the Major Departments and Agencies in the AFF Sector, 2021-2022
(in billion Pesos)

Particulars	2021 GAA	2022 NEP
Department of Agriculture	71.0	72.0
Office of the Secretary	60.9	62.0
Agricultural Credit Policy Council	2.8	2.6
Bureau of Fisheries and Aquatic Resources	4.9	4.5
Fertilizer and Pesticide Authority	0.2	0.2
National Fisheries Research and Development	0.3	0.3
National Meat Inspection Service	0.4	0.5
Philippine Carabao Center	0.6	1.0
Philippine Center for Postharvest Development and Mechanization	0.3	0.4
Philippine Council for Agricultural and Fisheries	0.2	0.2
Philippine Fiber Industry Development Authority	0.4	0.4
Department of Science and Technology	1.4	1.4
Philippine Council for Agriculture, Aquatic, and Natural Resources Research and Development	1.4	1.4
Forest Products Research and Development Institute	0.2	0.2
Department of Agrarian Reform	8.9	12.8
Government-Owned and/or -Controlled Corporations		
National Irrigation Administration	31.7	31.5
National Food Authority	7.0	7.0
Philippine Crop Insurance Corporation	3.5	4.5
Philippine Fisheries Development Authority	5.2	4.2
Philippine Coconut Authority	1.2	1.0
Philippine Rice Research Institute	0.6	0.6
Sugar Regulatory Administration	0.7	0.7
National Dairy Authority	0.3	0.3

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

Responding to this reality, food security and the development of the Agriculture sector have been spelled out in the Updated Philippine Development Plan 2017-2022. As indicated in the Plan, the Agriculture, Forestry, and Fisheries sector will employ a “holistic value chain approach, guided by science-based decision support tools,” to enhance resiliency and productivity of the sector.⁴

Given the focus on food security and the Agriculture sector, the government aims to sustain programs that will ensure a healthy population and a strengthened food production system. For 2022, the amount of PhP152.1 billion is allotted for the Agriculture, Forestry, and Fishing (AFF) sector, 6.0 percent higher than its 2021 budget of PhP143.4 billion. The increase in the budget for the sector reflects the government's continuing resolve to achieve food security for its people.

Improving Agricultural Production

Rice. As a food staple, rice is both an economic commodity and a major expenditure item. For 2022, the Rice Program will receive a budget of PhP15.7 billion, the biggest allocation among the DA's national programs, to further develop rice farming practices and to achieve the target yield of 20.474 million metric tons (MMT) of palay in 2022, a 0.149 MMT increase from the 2021 target.

Specifically, the Rice Program aims to raise farm productivity and profitability by providing rice farmers with high-quality seeds; extension, education, and training services; support for research and development; irrigation; and agricultural machinery and equipment.

Meanwhile, the National Food Authority (NFA) will receive subsidies amounting to PhP7.0 billion for its Buffer Stocking Program to procure 368,421 metric tons (MT) of palay from local farmers to aid in ensuring the country's food security in times of calamities, emergencies, and rice shortage crises.

To enhance the rice sector's productivity through mechanization, distribution of high-yielding rice seeds, and provision of credit support and capacity building programs for small rice farmers, another PhP10.0 billion will sustain the investments that aim to enhance the output of the rice industry through the Rice Competitiveness Enhancement Program in 2022, pursuant to RA No. 11203 or the Rice Tariffication Law.

Corn. Corn is the second most important crop in the country. Based on the latest volume of corn production in Central Luzon, the total corn production for the second quarter of 2021 rose to 139,416 metric tons, recording a 30.6 percent increase from its production in the same quarter of 2020.⁵

To expand corn and cassava production for human consumption, feeds for livestock, and other industrial purposes, and also to help corn and cassava farmers increase their earnings, the amount of PhP1.5 billion is earmarked for the Corn Program for 2022.

High Value Crops. To further increase the productivity, income, and livelihood opportunities for local tillers, some PhP1.5 billion will be given for the High Value Crops Program to promote the farming, processing, selling, and distribution of commodity crops with high value in the local and international markets.

Coconut. With coconut considered as a major crop and export commodity of the country, the government has allocated the amount of PhP1.0 billion for the Philippine Coconut Authority, the sole agency tasked to promote the development and growth of the coconut and palm oil industry. The amount will be used to plant 2,533,102 coconut seedlings in at least 17,714 hectares of land area in 2022.

Sugarcane. Another important agricultural export product of the country is sugarcane. The production of sugarcane from April to June 2021 was recorded at 6.91 million metric tons or an upsurge of 34.8 percent from the 5.12 million metric tons output in the same quarter of the previous year.⁶

In order to sustain this development in the industry, the amount of PhP712 million is provided for the Sugar Regulatory Administration (SRA) in 2022 to fund its Sugarcane Industry Development Program. Of the amount, PhP356 million shall be used for Farm-to-Mill Road (FMR) projects for the construction or rehabilitation of FMRs in key sugarcane provinces.

Organic Agriculture. The National Organic Agriculture Program aims to promote and develop organic agriculture farming in the country in order to contribute towards overall agricultural growth and productivity, provide better income and sustainable livelihood for farmers, and reduce poverty in the rural sector. For 2022, the program will be given a budget of PhP519 million to convert a total of 332,023 hectares of land to organic farming.

Fisheries. Fisheries is a notable sector in the Philippine economy. Being an archipelago, the country is rich in marine and inland water resources that contribute to the country's fisheries industry.

In 2020, the production volume of fisheries across the country was approximately 4.4 thousand metric tons. Meanwhile, volume of production from municipal fisheries and aquaculture recorded decreases while commercial fisheries registered improvement during the year.⁷

Table 2. Targets of the National Fisheries Program

Particulars	2021	2022
Commercial	1.0 MM	1.0 MMT
Municipal	1.1 MMT	1.1 MMT
Aquaculture	2.4 MMT	2.4 MMT

To enhance the economic output of the fisheries sector and further develop the country's aquatic resources, the government will allot a budget of PhP4.5 billion for the Bureau of Fisheries and Aquatic Resources (BFAR) as the agency responsible for overseeing the development and management of national fisheries and aquatic resources.

Of the amount, PhP3.4 billion will be set aside for the implementation of the National Fisheries Program, with priority given to areas, provinces, and regions with high poverty incidence among fisherfolk. This will be used for the production and distribution of fish seeds, fishing gear/ paraphernalia, and post-harvest equipment, among others.

Livestock. The DA is also pursuing the development of the livestock industry to boost local production and lessen the country's dependence on meat and dairy imports. For 2022, a budget of PhP5.1 billion is set aside for the National Livestock Program to raise 1.3 MMT of hogs and 1.6 MMT of chickens.

Meanwhile, the Philippine Carabao Center (PCC) will receive PhP951 million for the funding of the National Carabao Development Program, which aims to improve the local carabao industry through research endeavors, such as improving the Philippine carabao's meat and milk production.

The Philippine dairy industry was characterized by increasing local milk production and decreasing imports and exports of milk and dairy products in 2020. The local milk production reached 26.71 million liters, an increase of 9.5 percent from 24.38 million in 2019.⁸

An allocation of PhP288 million for the Dairy Industry Development Program of the National Dairy Authority (NDA) will be used to further develop the dairy industry and ensure the safety and quality of dairy products, and support local milk producers. For 2022, the NDA aims to train 710 daily farmers and cooperatives, and produce 24.86 million liters of milk.

Increasing Farming Productivity

Irrigation. The National Irrigation Administration (NIA) will be given a proposed budget of PhP31.5 billion to finance the development of the country's irrigation networks, with priority given to irrigation projects in key production areas of major rice-producing provinces. The amount will be used to provide year-round irrigation to 2,318,853 hectares of farmland.

Of the total budget of the NIA, PhP21.8 billion will be used to generate a service area of 17,639 hectares and the repair of 521 kms of canal linings, pipes, and service roads. Besides the allocation for the NIA, PhP1.1 billion of the DA's proposed budget will be used for the construction, restoration, improvement, and/or installation of small-scale irrigation projects.

Farm-to-Market Roads (FMRs). To improve the mobility of goods and services between farms and markets, the amount of PhP9.1 billion is earmarked for the construction of 1,475 kilometers of FMRs all over the country. The construction, rehabilitation, and repair of the FMRs will ease the transportation problem of goods especially amid the COVID-19 pandemic.

Table 3. Farm-to-Market Road Program

Particulars	2021	2022
Locally-funded project	PhP11.7 B	PhP5.0 B
No. of kilometers of road	976.58 km	415 km
Foreign-assisted projects	PhP0.8 B	PhP4.1 B
No. of kilometers of road	393 km	1,060 km

Of the PhP9.1 billion budget allotted for the FMRs, the amount of PhP5.0 billion shall be released directly to the Department of Public Works and Highways (DPWH) for the construction, rehabilitation, and repair of locally-funded FMRs. Table 4 shows the regional allocation for FMRs.

Table 4. Regional Allocation for FMRs
(in million Pesos)

Particulars	2022 NEP
Region I	348.0
CAR	650.0
Region II	444.0
Region III	366.0
Region IV-A	473.5
Region IV-B	560.5
Region V	304.5
Region VI	354.0
Region VII	299.0
Region VIII	263.0
Region IX	154.0
Region X	272.0
Region XI	136.0
Region XII	154.5
Region XIII - CARAGA	201.0
Total	4,980.0

Fish Ports, Farming Equipment, and Other Postharvest Facilities. An amount of PhP4.2 billion will finance the Fisheries Infrastructure Development Program of the Philippine Fisheries Development Authority to construct, rehabilitate, improve, and operate eight (8) fish ports across the country.

Meanwhile, the Philippine Center for Postharvest Development and Mechanization (PhilMech), the attached agency of the DA responsible for spearheading the development of postharvest, will receive PhP393 million to develop or improve eleven (11) technologies, and train 1,525 individuals on technology utilization and adoption. The Center will develop postharvest mechanization technologies for rice, corn, high-value crops, cashew, coffee, and cassava, among others.

Effective Research and Development. To enhance productivity in the agricultural value chain, the government recognizes the significance of the creation of an effective agricultural research and development system as a vital element to ensure food security in the country.

For 2022, the Philippine Council for Aquatic, Agriculture and Natural Resources Research and Development (PCAARRD) will receive a budget of PhP1.4 billion to develop new products and provide science-based solutions to issues in the Agriculture, Aquatic, and Natural Resources (AANR) sector.

Of the total budget for the PCAARRD, PhP1.3 billion will be allotted to its National AANR Sector R&D Program to fund 643 R&D projects and monitor 637 projects related to agricultural research.

To aid in the development of high-yielding and cost-reducing technologies for farmers, the Philippine Rice Research Institute will receive the amount of PhP622 million for 2022. Of the amount, PhP326 million will fund its Research and Development Program to train 2,539 farmers on rice production, implement 62 research projects, reduce the cost of palay production by PhP10.00 per kilogram, maintain the target 100 percent of farmers who have adopted at least three rice and rice-based technologies in the project sites, and achieve a target rice yield of 1 ton/hectare (t/ha) in irrigated areas and 0.5 t/ha in rainfed areas.

For the fisheries industry, an allocation of PhP350 million will be provided to the National Fisheries Research and Development Institute for its Fisheries Research and Development Program. For 2022, the program aims to develop or improve at least 11 policy recommendations for the fisheries industry and achieve the target 85 percent policy recommendations and technology adopters or users.

In addition, the Forest Products Research and Development Institute will receive a budget of PhP216 million to provide scientific R&D services and projects on forest products. The amount will also be used to render 2,000 technical services to the target 720 beneficiaries.

Providing Economic Resources and Opportunities
Land Distribution. Cognizant of land insufficiency and insecurity among farmers, the government aims to sustain its efforts towards the Comprehensive Agrarian Reform Program to grant land ownership to landless farmers and farm laborers.

For 2022, a budget of PhP12.8 billion will be given to the Department of Agrarian Reform (DAR) to implement programs and projects in pursuit of rural development and industrialization.

From the total budget of the DAR, the amount of PhP7.5 billion is earmarked for the Land Tenure Security Program to distribute 41,808 hectares of land and register 42,743 hectares with Emancipation Patents/Certificate of Land Ownership Award. The Agrarian Justice Delivery Program, on the other hand, will receive an allocation of PhP910 million to fund the supervision and management of agrarian-related cases.

Some PhP1.5 billion is also allotted for the AR Beneficiaries Development and Sustainability Program of the DAR to train approximately 378,411 agrarian reform beneficiaries and assist 136,624 beneficiaries with access to credit and microfinance services.

Financial Assistance. To provide access to affordable credit for farmers and fisherfolk, the Agricultural Credit Policy Council (ACPC) will receive a budget of PhP2.6 billion in 2022. Of the amount, PhP2.5 billion will fund the Agricultural Credit Program to achieve the following targets:

Table 5. ACPC Targets, 2021-2022

Particulars	2021	2022
Amount of loans (in Million) granted to:		
Credit retailers/lenders	2,515	2,515
End-borrowers	2,515	2,100
Number of credit program orientations and credit matching seminars and workshops conducted	32	32
Number of farmers and fisherfolk organizations provided with institutional capacity building assistance	140	140

Meanwhile, the Philippine Crop Insurance Corporation (PCIC) will receive an allocation of PhP4.5 billion to provide full insurance premiums to 2,291,897 subsistence farmers and fisherfolk for their crops, livestock, fisheries, and non-crop agricultural assets. This will protect the beneficiaries against potential losses resulting from natural calamities or pest infestations.

Towards a Food Secure Future for the Next Generations

With the myriad of challenges brought about by the continuous onslaught of the COVID-19 pandemic, the country has emphasized food security more significantly. The gains and improvements achieved over the years continue to be threatened by the global health crisis.

To further pursue the goal of achieving a future where every Filipino family has food on the table and food security is no longer a privilege but a right, the AFF sector will have to focus on ensuring availability, accessibility, and affordability of nutritious food while prioritizing recovery from the persistent challenges posed by the COVID-19 crisis.

For 2022, the proposed National Budget will serve as a major tool in sustaining the government's efforts in ensuring food adequacy for the present and future generations of Filipinos.

Endnotes:

¹ World Bank. (2020, June). *Transforming Philippine Agriculture During Covid-19 and Beyond*. Retrieved from <https://reliefweb.int/sites/reliefweb.int/files/resources/Transforming-Philippine-Agriculture-During-COVID-19-and-Beyond.pdf>

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⁴ NEDA. *Updated Philippine Development Plan 2017-2022*. Retrieved from <https://pdp.neda.gov.ph/updated-pdp-2017-2022/>

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⁶ PSA. (2021, June). *Major Non-Food and Industrial Crops Quarterly Bulletin*. Retrieved from <https://psa.gov.ph/non-food/sugarcane>

⁷ PSA. (2021, January 27). *Fisheries Situation Report, January to December 2020*. Retrieved from <https://psa.gov.ph/content/fisheries-situation-report-january-december-2020>

⁸ Gomez, E. (2021, February 18). *PH dairy sector: Then, now and beyond*. The Manila Times. Retrieved from <https://www.manilatimes.net/2021/02/18/business/agribusiness/ph-dairy-sector-then-now-and-beyond/842238>

C. Developing Competitive and Productive Industries

While the Philippine economy has managed over the past months to move into the recovery stage, micro, small, and medium-sized enterprises (MSMEs) continue to confront a multitude of challenges and have been reeling from widespread losses under the pandemic.

These MSMEs account for 99.5 percent of all businesses in the country, employing more than 5 million workers and contributing about 40 percent to the country's Gross Domestic Product (GDP).¹ Expectedly more vulnerable to economic shocks, they are typically hit harder, languish longer, and face a steeper recovery trajectory than large enterprises.

According to the MSME Value Chain Response Survey conducted by the United Nations Development Program, a majority of MSMEs have either shuttered for good, closed temporarily, or reduced their workforce or capacity because of COVID-19 and the consequent restrictions.²

The survey also found that out of 285 MSME respondents, 81 percent reported experiencing low consumer demand. This low demand, alongside shortages related to transportation and logistics, and lack of financing capacity, were cited as the primary challenges of micro entrepreneurs in resuming their operations. Further, close to 80 percent of the respondents

also reported a reduction in their average monthly income compared to their average monthly income prior to the pandemic.³

Meanwhile, a survey conducted by the Asian Development Bank (ADB) also revealed that more than 70 percent of the 1,804 MSMEs surveyed were forced to close their business, while most of the MSMEs that operated during the lockdowns faced a significant drop in sales and revenue.⁴

To cushion the blow of the pandemic, MSMEs were forced to adapt to the new normal while operating under various measures, including diversifying goods and services, allowing workers to work from home while using digital platforms, operating with a skeletal workforce, or implementing cost-cutting measures.

Recognizing MSMEs' survival and stability as a main driver for full and sustained national economic recovery, the Administration is providing them with sufficient support and assistance to bounce back from the crisis.

To ensure this, the Department of Trade and Industry (DTI), the agency responsible for fostering globally competitive and innovative industry and services sectors, is allotted a budget of PhP23.0 billion for 2022, up by 5.2 percent from its 2021 allocation of PhP21.9 billion.

Table 1. Programs and Budgets on Industry Development
(in billion Pesos)

Particulars	2020 Actual	2021 GAA	2022 Proposed
Department of Trade and Industry	11.3	21.9	23.0
<i>Of which:</i>			
MSME Development Program	1.61	2.36	3.45
<i>Of which:</i>			
Livelihood Seeding Program and <i>Negosyo Serbisyo sa Barangay</i>	0.25	0.24	0.20
<i>Pangkabubayan sa Pagbangon at Ginhawa</i>	-	-	1.00
Establishment of <i>Negosyo</i> Centers	0.47	0.63	0.56
<i>Pondo sa Pagbabago at Pag-Asenso</i> Program	1.50	1.00	1.50
OTOP: Next Generation	0.08	0.13	0.09
Shared Service Facilities (SSF)	0.21	0.62	0.08
Rural Agro-Industrial Partnership for Inclusive Development and Growth	0.02	0.22	0.82
Industry Development Program	0.4	0.6	0.5
<i>Of which:</i>			
Go Lokal Project	0.01	0.01	0.01

Sustaining MSME Recovery, Support, and Assistance

Full support for the recovery and stability of MSMEs will be sustained in 2022, primarily through the DTI's MSME Development Program, which will receive PhP3.45 billion, higher by 46 percent than its 2021 budget.

The MSME Development Program, which is in line with the MSME Development Plan 2017-2022, is anchored on the formulation of strategic plans, programs, and policies on MSME development and support.

In 2020, the program was able to assist 397,672 MSMEs or 44 percent of the total MSMEs in manufacturing, retail trade, construction, and services sectors, higher than its initial target of 280,000 or 31 percent of MSMEs. For 2022, the DTI increased its target number of clients to 386,024 or 32 percent of the total MSMEs.

Extending Entrepreneurship Development Assistance.

To further expand access to business development assistance and other business support services, the Livelihood Seeding Program - *Negosyo Serbisyo sa Barangay* was launched to specifically target barangays within the 4th, 5th, and 6th income classifications in the country. It seeks to double the number of registered entrepreneurs and create more than four million jobs nationwide. By the end of its implementation, the program aims to develop 500,000 new enterprises and provide more than 500,000 new jobs.

For 2022, the program is allotted PhP203 million to provide livelihood or *negosyo* kits and business advisory assistance and services, amounting to PhP3,000 to PhP8,000 each to qualified individuals affected by natural and human-induced calamities, including health disasters. The *negosyo* kits are envisioned to provide immediate aid for their recovery and ultimately spur economic activity.

Another livelihood seeding and entrepreneurship development program of the DTI is the *Pangkabubayan sa Pagbangon at Ginhawa* (PPG) Program, which focuses support on MSMEs affected by fire incidents, calamities, and health crises. Under the program, the DTI will provide livelihood kits and educational materials after profiling and providing *negosyo* training to existing micro entrepreneurs. An amount of PhP1.0 billion is earmarked for this program for 2022.

Maintaining Facilitating Services and Promoting MSME Initiatives. Of the total amount earmarked for the MSME Development Program, PhP728 million is allocated for the maintenance of 1,266 *Negosyo* Centers to assist 10,586 MSMEs in all provinces, cities, and municipalities in the country.

The program is pursuant to the basic policy of the "Go *Negosyo* Act," which aims to foster national development, promote inclusive growth, and reduce poverty by encouraging the establishment of MSMEs that facilitate job creation, production, and trade in country.

Negosyo Centers are one-stop centers established in provinces, cities and municipalities in order to promote ease of doing business and facilitate access to services for MSMEs within their respective jurisdictions.

Negosyo Centers also facilitate access to financial assistance and grants, design, and programs that promote entrepreneurship and provide support to MSMEs in the availment of technology transfer, production and management training program, and marketing assistance of other agencies.

In 2020, *Negosyo* Centers were able to assist 905,845 MSMEs nationwide, exceeding its target of 785,000 clients assisted. From a baseline of 821,771, the DTI aims to assist 811,242 MSMEs through the *Negosyo* Centers for 2022.

Managing Cash Flow Disruptions. As a result of the implementation of various levels of community lockdowns and restrictions, MSMEs continue to suffer from disrupted cash flow and income loss. To aid MSMEs in addressing cash flow constraints, difficulties in meeting overhead costs, and disruptions in supply chain, a PhP1.5 billion budget has been allotted for the *Pondo sa Pagbabagago at Pag-Asenso* (P3) Program of the DTI for 2022.

The P3 Program, which is administered by the DTI's financing arm, Small Business Corporation, is a financing initiative that will offer micro loans and low-cost, quick-approval financing with minimal requirements, 2.5 percent monthly interest, for underprivileged entrepreneurs and microenterprises.

Since the COVID-19 crisis, the P3 Program was extended to COVID-19 Assistance to Restart Enterprises (CARES) program, a zero-interest loan for MSMEs that had been affected by the global health and economic crisis. The program is open to MSMEs with an asset size not exceeding PhP15 million. Qualified micro enterprises with asset size of not more than PhP3 million are eligible to borrow from PhP5,000 to PhP200,000, while small enterprises with asset size of not more than PhP15 million can loan as much as PhP500,000 with zero-percent interest.

As of July 2021, the government reports around 219,000 underprivileged MSME beneficiaries of the program.⁵ Of the PhP1.5 billion budget for 2022, PhP1.4 billion is allotted to microfinance for lending to about 40,000 MSMEs. Meanwhile, the amount of PhP75 million is allocated to cover the operating costs of the P3 Program.

Boosting the Competitiveness of MSMEs

Aside from contributing to national economic recovery from the impacts of the COVID-19 pandemic, MSMEs should also be able to keep up with global challenges, through such strategies as product and service innovation, development of human and technological resources, and expansion of marketing areas in the midst of globalization and high competition in the world market. Thus, boosting the

competitiveness of MSMEs will improve the opportunities for productivity and success in foreign markets.

Capacitating and Empowering MSMEs. The DTI's OTOP: Next Generation Project aims to further strengthen MSME competitiveness by supporting local communities in improving their skills for the production of profitable products and expansion of their markets, thereby creating jobs and stimulating local economies.

Specifically, the project assists MSMEs through capacity building, product development, technology updating, brand equity and development, intellectual property assistance, access to finance, and marketing platforms and promotion.

The OTOP: Next Generation Project covers tangible products, including processed foods, agri-based products, arts and crafts, home and fashion arsenal, and skills-based services. For 2022, the project is allotted a budget of PhP91 million to assist MSMEs nationwide.

Providing Efficient Equipment and Systems. To further improve the quality and productivity of MSMEs, the DTI will provide them with machinery, equipment, tools, systems, skills, and knowledge through a sharing scheme under the Shared Service Facilities (SSF) Project.

The energy efficient facilities and more sophisticated equipment will help the target beneficiaries increase their production capacities and improve product quality, resulting in increased markets, sales, and job generation. Furthermore, the project aims to address the gaps and bottlenecks in the value chain of priority industry clusters.

For 2022, some PhP78 million will be allocated to the DTI to fund the SSF Project to maintain and establish SSFs nationwide. The implementation of the project will be primarily based on priority clusters identified by the DTI in consultation with key stakeholders.

Strengthening Rural Enterprises. Cognizant of the potential of the rural economy, the Administration will continue to harness considerable potential rural enterprises for economic growth and employment creation.

Anchored on the thrust of poverty alleviation and leaving no one behind, the DTI launched the Rural Agro-Industrial Partnership for Inclusive Development and Growth (RAPID Growth), which aims to support agriculture-based processing enterprises to become innovative, productive, and competitive in order to meet the challenges of the global market.

The project particularly targets rural enterprises in provinces with poverty incidence above forty percent.

Specifically, this project aims to provide focused, firm-level, value chain-based, and climate-smart assistance and financing program to micro and small businesses, through

enabling sectoral and trade policies which are designed to provide enhanced access to institutional, regional, and world markets. For 2022, PhP825 million is earmarked for the program.

Promoting Local Products. Of the total amount provided for the Industry Development Program of the DTI, some PhP9 million will support the implementation of the Go Lokal! Project, which is a market access platform for MSMEs in collaboration with select retail partners for brand management and market acceleration.

Go Lokal! serves as a marketing platform for the MSMEs to gain access to the local consumer market and the global export market. As a regular program, Go Lokal! will sustain the assistance to MSMEs by advancing inclusive growth through jobs generation, MSME development, and the promotion of meaningful livelihood among communities.

On the Road to Recovery and Resilience for Industries

While the COVID-19 crisis has not involved as much physical destruction of industries and businesses as natural disasters, the situations bear a pervasive similarity—the negative impacts on businesses come without early warning and are felt immediately.

As the government continues to implement response measures leading to the containment of the spread of the virus and its variants, opportunities for industry and MSME recovery must also be leveraged to truly reset, rebound, and recover. Thus, the government remains committed to achieving prosperous, inclusive, resilient, and sustainable industries as one of the key elements of economic recovery, while sustaining its COVID-19 response efforts.

Endnotes:

¹ Department of Trade and Industry (DTI). (2021). *2020 MSME Statistics*. Retrieved from <https://dtiwebfiles.s3.ap-southeast-1.amazonaws.com/BSMED/MSME+2020+Statistics/2020+Philippine+MSME+Statistics+in+Brief.pdf>

² United Nations Development Programme. (2020). *MSME Value Chain Rapid Response Survey*. Retrieved from <https://www.ph.undp.org/content/philippines/en/home/library/msme-value-chain-rapid-response-survey.html>

³ Ibid.

⁴ Asian Development Bank. (2020). *Asia Small and Medium-Sized Enterprise Monitor 2020 Volume II: COVID-19 Impact on Micro, Small, and Medium-Sized Enterprises in Developing Asia*. Retrieved from <https://dx.doi.org/10.22617/TCS200311-2>

⁵ Philippine National News Agency. (2021, July 26) *Over 219K micro biz benefitted from P3 lending program*. Retrieved from <https://www.pna.gov.ph/articles/1148336>

MALASAKIT: ENHANCING THE SOCIAL FABRIC

A. Ensuring Responsive, People-Centered, and Technology-Empowered Governance

The Duterte Administration considers as part of its commitment to change – the mandate it received from the Filipino people from Day 1 – its fulfillment of the vow of the President to push for a responsive government that is able and willing to prioritize the Filipino people's interest.¹ This promise has been at the foundation of the major reforms under the Administration, promoting a governance that is responsive, credible, efficient, effective, and people-centric.

Addressing Inefficient Government Processes

Among the reforms relentlessly pursued by the Duterte Administration is the elimination of “needless” commute resulting from inefficient government processes. The President set the tone early for this advocacy through a cardinal directive for all government agencies to respond to public requests and concerns within 15 days. This was institutionalized by the passage of Republic Act (RA) No. 11032 or the Ease of Doing Business and Efficient Government Service Delivery Act (EODB Act). More recently, RA No. 11517 was enacted to suspend the requirements for national and local permits to ensure a speedy response to national emergencies in order to serve clients with world-class quality services, while making the Philippines the country of choice for investments.

This initiative helped the Philippines to improve its ranking in the World Bank's Doing Business Report, an annual study that presents quantitative indicators on business regulations and the protection of property rights that can be compared across 190 economies.²

From ranking 124th in 2019, the Philippines climbed to the 95th spot in 2020. The World Bank commended regulatory improvements introduced by the Philippines, such as the abolition of minimum capital requirement for domestic companies, easier processing of construction permits, and

strengthened support for minority investors by mandating greater disclosure of transactions among stakeholders.³

Sustaining an Open and Transparent Government

The Philippines has been internationally recognized as a global leader in the open government space. It is one of the eight founding members of the Open Government Partnership, a coalition of reformers within and outside of government that aims to strengthen good governance, public service, and civic participation.⁴

One of the notable accomplishments of the Duterte Administration is making the Philippines as one of the benchmarks of outstanding fiscal transparency efforts in the government. The International Budget Partnership (IBP), an independent, nonprofit corporation that conducts biannual Open Budget Surveys (OBS) of governments, has placed the Philippines at the top among the countries in Southeast Asia and 10th worldwide in terms of fiscal transparency, public participation, and oversight at the central government level. The country's Open Budget Index (OBI) score increased from 51 in 2006 to 76 in 2019.⁵ (See Section on Championing Fiscal Openness and Accountability to know other fiscal transparency initiatives.)

In Pursuit of e-Governance

Even before the onset of the pandemic, the government had already begun to pursue e-governance as a means to further improve the quality and speed of service delivery and the government's linkage with citizens, the business sector, and other stakeholders.⁶

Central to these e-governance initiatives is the implementation of a national ID system. On August 6, 2018, the Philippine Identification System (PhilSys) Act of 2018 or RA No. 11055 was signed into law to establish a single national identification system for all citizens and resident aliens in the country. This will promote seamless delivery of services and ease of doing business in both public and private transactions. Further, it will empower the government to move away from inefficient and costly physical documents, processes, and credentials.

As of July 9, 2021, a total of 397,564 national IDs have been successfully delivered to registrants. Meantime, the cumulative online and manual registrants for Step 1 has reached 37.70 million, while 17.31 million Filipinos have completed the Step 2 registration process. As part of Step 2, more than 4.54 million registrants have applied for an account with the Landbank of the Philippines.⁷

Figure 1. Ease of Doing Business Global Standing of the Philippines, 2019-2020

Overall Ranking*	124 th 2019	95 th 2020	+29
Ease of Doing Business Score	57.68 2019	62.80 2020	+5.12

Source: World Bank
*Out of 190 countries

To continue the implementation of the National ID System, the government has set aside PhP1.7 billion for 2022 under the budget of the National Economic and Development Authority-Philippine Statistics Authority (NEDA-PSA).

Interoperability is the Next Normal

On top of game-changing e-governance reforms, the government continues to pursue better coordination with agencies by improving interoperability, or the ability of computer systems or software to exchange and make use of information in government operations. This initiative has helped in responding efficiently and successfully to the challenges brought about by the pandemic.

For 2022, the government accorded priority to sustain the Medium-Term Information and Communications Technology Harmonization Initiative (MITHI) with an allocation of PhP27.5 billion. As a policy, the implementing agencies are required to submit to the DICT their respective 3-year Information Strategic Systems Plan. Thereafter, the DICT will endorse the agency ICT programs and projects to the MITHI Steering Committee for deliberation and recommendation. The Committee is composed of the Department of Information and Communications Technology (DICT), the Department of Budget and Management (DBM), and the National Economic and Development Authority (NEDA).

Of the PhP27.5 billion allocation, the government is pushing to adopt and accelerate the digital transformation, with components focused on mitigation of threats and risks as the country transitions to a digitally-enabled economy. Part of this allocation will give priority to the work-from-home arrangements, video conferencing, and other modes of digital communication for improved efficiency and productivity in government service.

For 2022, the bulk of the ICT allocation, amounting to PhP8.4 billion, will be for the DICT. This accounts for more than half of the total budget of the DICT for the same year, amounting to PhP10.1 billion. Under MITHI, the government will give priority to DICT projects, namely the National Government Data Center with PhP1.6 billion to help the government facilitate the integration of ICT in its operations.

Meanwhile, the government has also provided PhP1.5 billion for DICT's National Broadband Plan for 2022 to address issues on internet speed and affordability. PhP2.0 billion, meanwhile, is allotted for the Free Internet Wi-Fi Connectivity in Public Places to provide the public greater access to the internet. Other priority projects of the DICT for 2022 include the ICT Cybersecurity Policies Development and Management with PhP600 million, and the ICT Systems and Infostructure Development with PhP291 million.

The NEDA-PSA, meanwhile, will get the second largest budget share of MITHI, with PhP3.8 billion. Of this budget, NEDA has allocated PhP144 million for the PSA's Information

Table 1. FY 2022 MITHI Expenditures

(in billion Pesos)

Particulars	2022 NEP	Percentage Share (%)
MITHI Grand Total	27.5	-
DICT-OSEC	8.4	30.5
NEDA-PSA	3.8	13.8
DOF (BIR-BOC)	2.7	9.8
DILG(OSEC-PNP)	0.7	2.5
DSWD-OSEC	1.4	5.1
DOST (ASTI-PAGASA)	0.6	2.2
DA-OSEC	0.6	2.2
DOLE	0.5	1.8
DBM	0.4	1.4
DOH	0.4	1.4

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

System Strategic Plan (Office Productivity), PhP489 million for its Community-based Statistics, and PhP1.1 billion for the Census of Agriculture, Fisheries, Industry and Services Sectors.

Other Government ICT Initiatives

Aside from the DICT and NEDA, a number of government agencies will also implement ICT reforms and initiatives in 2022. The Department of Finance has pledged to pursue digitization, allocating some PhP125 million to manage and develop its information systems come 2022.

The Bureau of Internal Revenue (BIR) is provided PhP1.1 billion for the Revenue Information Systems Development/ and Infrastructure Support Program. Some PhP160 million, meanwhile, is set aside for the information communication and technology support services to develop ICT reform under the Bureau of Customs (BOC) and additional funding for the Philippine Customs Modernization Project with PhP1.6 billion.

The Department of the Interior and Local Government (DILG) will allocate PhP187 million for Locally-Funded ICT Projects, such as Philippine Anti-Illegal Drugs Strategy; improvement and sustaining the LGU Information Management System and the expansion of Wide-Area Network (WAN) and Local Area Network with IP Telephony System; and to support the Philippine National Police (PNP)'s establishment of a command center, PhP330 million is allocated for the purpose. It will also provide PhP227 million for the enhancement of the Firearms Identification System, a computerized firearms identification system used to capture and store into the database unique identifying characteristics of bullets and cartridge cases for forensic comparison and identification of a particular firearm.

For 2022, some PhP1.4 billion is allotted to the Department of Social Welfare and Development (DSWD) for Information and Communications Technology Services Management (ICTSM) as holistic approach leveraging ICT in providing social services to the people.

The Advanced Science and Technology Institute (ASTI) and the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) is given some PhP224 million and PhP390 million, respectively, to sustain various ICT programs under the locally funded projects as mandated. The Department of Agriculture will be provided with PhP282 million to procure various ICT equipment, peripherals, and software subscriptions to maintain existing critical systems and for office productivity.

Still lodged under MITHI, bulk of the PhP500 million budget of the Department of Labor and Employment (DOLE) will go to DOLE-OSEC's Computerization Program (PhP228 million).

Finally, the DBM will allocate PhP400 million for its ICT equipment and ICT software subscriptions to sustain the implementation of critical applications for the budget preparation and execution activities for 2022. Meanwhile, the Department of Health will use PhP400 million for its Health Information Technology Program for 2022.

Service Continuity through Digitization

As the country stays on track towards the new normal, the government leverages the opportunities provided by technology to provide better public services. This is reflected in its efforts to ensure the unhampered operations of government services even amid the pandemic as it continues to improve government online platforms to deliver better services. All these efforts are anchored on the goal to foster and sustain a responsive, people-centered, and technology-empowered governance in the Philippines.

Endnotes:

¹Office of the President – Presidential Management Staff (2021). *The President's Final Report to the People 2016-2021 TATAG AT MALASAKIT TUNGO SA PAGBANGON: Sustaining Our Nation's Gains Amidst Unprecedented Challenges*

²World Bank Group. (2020). *Doing Business 2020*. Retrieved from <https://www.doingbusiness.org/en/doingbusiness>

³Office of the President – Presidential Management Staff (2021). *The President's Final Report to the People 2016-2021 TATAG AT MALASAKIT TUNGO SA PAGBANGON: Sustaining Our Nation's Gains Amidst Unprecedented Challenges*

⁴Presidential Communication Operations Office. (2020). *The Philippine Human Rights Situationer*. Retrieved from <https://www.officialgazette.gov.ph/downloads/2020/06jun/20200609-PH-Human-Rights-Situationer.pdf>

⁵Office of the President – Presidential Management Staff (2021). *The President's Final Report to the People 2016-2021 TATAG AT MALASAKIT TUNGO SA PAGBANGON: Sustaining Our Nation's Gains Amidst Unprecedented Challenges*

⁶Ibid.

⁷Ibid.

B. Pursuing a Swift and Fair Administration of Justice

The Duterte Administration recognizes, and indeed reflects in the Philippine Development Plan (PDP) 2017–2022, that swift and fair administration of justice is “a crucial element in enhancing the social fabric,”¹ and thus has consistently pursued it as a key factor in regaining the peoples’ trust in public institutions.

But even as it highlights the positive impact of swift and fair justice in the development and progress of the country, the government does acknowledge that certain issues still need to be addressed to achieve a more inclusive justice system. These issues include the fragmented roles of the five pillars of the justice system (i.e., law enforcement, prosecution, courts, correction, and community), backlogs in resolving cases and delays in case development procedures, and the limited resources of relevant agencies.² To address these concerns the Administration continues to work towards the following: (1) harmonized efforts and seamless coordination among the different actors involved in civil, criminal, commercial, and administrative justice; and (2) an improved sector efficiency and accountability.

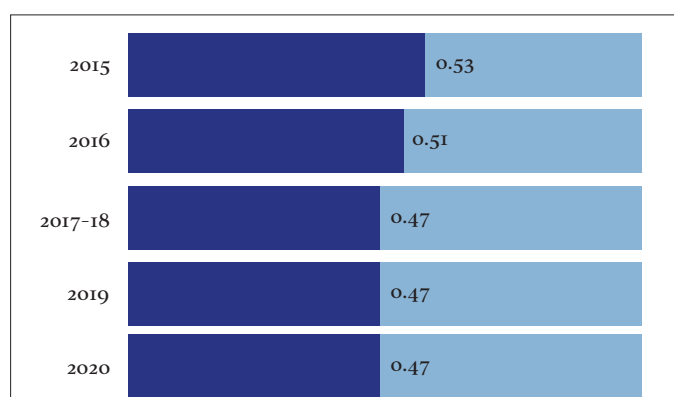
It has sought to achieve the first by institutionalizing the Justice Sector Coordinating Council, strengthening economic justice, and delivering justice real-time. The second will be realized by enhancing accountability through an engaged citizenry, and enhancing sector efficiency.³

Strengthening the Rule of Law

In the 2020 World Justice Project Rule of Law Index⁴, an international source for original, independent data on the rule of law, the Philippines maintained the rank it had from 2017 to 2019. The annual Index is based on results of surveys among households, legal practitioners, and experts in participating countries to measure how the rule of law is experienced and perceived worldwide.

This ranking points to the need for further interventions that would improve strategies to ensure swift and fair justice administration. And taking note of this, the government

Figure 1. Philippines Overall Rule of Law Score, 2015–2020



Source: World Justice Project

is pursuing a more sector-based approach⁵, a decided shift from the traditional institutions-based approach and methods in the country’s justice system. (See Table 1)

Independent, Effective, and Efficient Administration of Justice

In pursuit of a strong administration of justice, the government has entrusted to certain government agencies the goal of ensuring that the scales of justice are tilted to whom it is due. In balancing the powers between and among governments, certain institutions continue to strengthen their mandates to solve controversies that are within the purview of the legal system. They make sure that in all aspects of life, criminals are apprehended, crimes are eliminated, and justice will be served.

For 2022, the Judiciary, the branch that houses the Highest Tribunal, is given PhP45.0 billion. Bulk of its budget (PhP39.8 billion) is allocated to the Supreme Court of the Philippines and the lower courts.

Some PhP1.3 billion has been allotted for 2022 for the construction, completion, repair, and rehabilitation of Halls of Justice.

The Court of Appeals will receive PhP3.4 billion, while the Court of Tax Appeals is allotted PhP550 million to hear and decide not only civil tax cases, but also cases that are criminal in nature, as well as local tax cases, property taxes, and final collection of taxes.⁶

Meanwhile, the Sandiganbayan, a special appellate collegial court in the Philippines that has jurisdiction over criminal and civil cases involving graft and corrupt practices and other offenses committed by public officers and employees, will receive a budget of PhP1.1 billion for 2022.

The budget of the Supreme Court of the Philippines and the lower courts will support major programs such as the Adjudication Program, which is allotted with PhP23.1 billion for 2022. The program aims to pursue an independent, effective and efficient administration of justice through its operations handled particularly by the Supreme Court, as well as its lower courts namely the Regional Trial Court, Metropolitan Trial Court, Municipal Trial Court, and Child and Family Courts, among others.

A budget of PhP1.1 billion is earmarked for the Court of Appeal’s Appellate Adjudication Program in 2022, to maintain its 2021 target of 46 percent rating in the resolution of cases in 2022.

Similarly, for 2022, the Court of Appeals targets to maintain its 95 percent rating in the delivery of accessible, accurate, timely, knowledgeable, and courteous service, the same rating it targeted in 2021. Meanwhile, the Court of Tax

Table 1. Budgets of Agencies Leading the Pursuit of Swift and Fair Administration of Justice, 2020–2022
(in million Pesos)

Particulars	2020 Actual	2021 Program	2022 Proposed
The Judiciary	42,685	45,310	44,979
Supreme Court of the Philippines and the Lower Courts	37,379	39,769	39,766
Court of Appeals	3,155	3,532	3,396
Court of Tax Appeals	596	545	550
Sandiganbayan	1,404	1,306	1,122
Office of the Ombudsman	3,701	4,621	3,967
Commission on Human Rights	860	966	905

Appeals' Tax Appellate Adjudication Program is to receive PhP194 million.

For the Sandiganbayan Adjudication Program, some PhP452 million is allotted for 2022 to enable the court to effectively render judgment on graft and corrupt practices committed by public officials and employees.

A partner in the investigation and prosecution of crimes involving public officials and employees, the Ombudsman was allotted around PhP4.0 billion for 2022. Part of its budget will go to the Anti-Corruption Investigation Program (PhP697 million); Anti-Corruption Enforcement Program (PhP538 million); and the Corruption Prevention Program (PhP102 million).

Table 2. Strengthening the Justice System
(in billion Pesos)

Particulars	2020 Actual	2021 Program	2022 Proposed
Department of Justice	25.3	24.6	26.3
Bureau of Corrections	5.2	3.7	5.3

The Department of Justice (DOJ) will have a slightly increased share in the National Budget for 2022, compared to its budget in 2021. The Administration has allotted PhP26.3 billion for the department in 2022, 6.9 percent higher than its allotted budget in 2021.

The DOJ will lodge a big chunk of its budget in its Law Enforcement Program. With a proposed PhP6.6 billion next year, the program aims to strengthen investigation and prosecution services by targeting to achieve 88.7 percent of successful prosecution of cases lodged under the agency. The DOJ also targets to have 91.5 percent of resolved criminal complaints, as well as maintain 69 percent of cases pending within 120 days in 2022.

In pursuit of providing legal aid to poor and deserving clients, the government has lodged PhP4.5 billion in 2022 to implement free legal services to indigents and other qualified persons under the Public Attorney's Office.

Meanwhile, the DOJ's Witness Protection Program is allocated PhP216 million to effectively implement witness protection, security, and benefit services. For 2022, the said program targets a 98.5 percent success rate in the prosecution of cases with witnesses covered by the program.

The administration of justice also covers the rehabilitation of offenders and their reintegration into the social mainstream, which are within the mandate of the Bureau of Corrections (BuCor). Its other functions include the safekeeping of prisoners, preventing prisoners from further committing crimes, and ensuring that inmates are afforded with rehabilitation programs for their physical, intellectual, and spiritual development.

For 2022, the government has provided the BuCor with a budget of PhP5.3 billion, higher by at least 30 percent than its budget of PhP3.7 billion in 2021. A big chunk of this budget, amounting PhP3.9 billion, will go to the Prisoners Custody and Safekeeping Program for the supervision, control, and management of national prisoners. Meanwhile, the Prisoners Rehabilitation Program is given PhP136 million for the implementation, supervision, and evaluation of rehabilitation programs for national prisoners.

Moreover, among its notable programs for 2022 is the continued operation of the National Justice Information System (NJIS), an ICT platform that addresses the fragmentation in the justice system by developing information management systems and inter-agency exchange mechanisms.⁷ For 2022, the NJIS is allotted PhP5 million to facilitate seamless, secure, and authenticated information exchange, as well as other tasks that require digital connectivity among the implementing agencies, including, among others, the Philippine National Police (PNP), National Bureau of Investigation (NBI), and Philippine Drug Enforcement Agency (PDEA).

Table 3. Justice Sector Convergence Program, 2020–2022
(in million Pesos)

Particulars	2020 Actual	2021 GAA	2022 Proposed
Justice Sector Convergence Program	77	77	71
Department of the Interior and Local Government	41	42	44
Department of Justice	25	20	8
The Judiciary	11	15	19

The Justice Sector Convergence Program

One of the major breakthroughs in the goal to address the issue of fragmented pillars of the justice system has been the creation of the Justice Sector Convergence Program. The Program is administered by the Justice Sector Convergence Council (JSCC), composed of the Judiciary, Department of Justice (DOJ), and Department of the Interior and Local Government (DILG).

Organized in 2009⁸, one of the functions of the JSCC is to address issues on fragmentation through effective coordination in order to facilitate the necessary planning, budgeting, and investment programming systems to effectively address systemic issues and concerns in the Justice sector.

For 2022, the Justice Sector Convergence Program will receive PhP71 million to fund its programs and projects in order to collaboratively implement the justice sector agenda under the PDP 2017–2022.

Ensuring Justice through Collaboration

In striving for a genuine balance in the scales of justice, the government recognizes the role of the Judiciary and other agencies in the speedy and successful resolution of cases. This is vital to build the people's confidence in the justice system and to ensure that the country keeps a steady foothold on the recovery path in the wake of the challenges imposed by the pandemic.

Thus, despite the expected continuing challenges of the health crisis, support for the justice agencies in the pursuit of their respective mandates and tasks remains a priority of the Administration in 2022.

Justice for the Sovereign People

Laws, as guides for human conduct, “should run as golden threads through society, to the end that law may approach its supreme ideal which is the sway and dominance of justice”.⁹ Laws, therefore, are created for people to reflect that an individual's conduct can be limited – especially if it would lead to an unwarranted and unlawful encroachment on another's freedom. In view of this, the halls of our justices are ensured to be the shield of every person needing them. Their doors are open to resolve controversies, settle conflicting interests, and decide based on rule of law. For the ultimate objective of every legal system is no less than justice.

Endnotes:

¹NEDA. (2017). *Philippine Development Plan 2017–2022*.

Retrieved from <https://pdp.neda.gov.ph/wp-content/uploads/2017/01/06-04-07-2017.pdf>

²NEDA. (2017). *Philippine Development Plan 2017–2022. Pursuing Swift and Fair Administration of Justice*. Retrieved from <https://pdp.neda.gov.ph/wp-content/uploads/2017/01/06-04-07-2017.pdf>

³Ibid.

⁴World Justice Project. (2020). *Philippines*. Retrieved from <https://worldjusticeproject.org/rule-of-law-index/country/2020/Philippines/>

⁵NEDA. (2017). *Philippine Development Plan 2017–2022. Pursuing Swift and Fair Administration of Justice*. Retrieved from <https://pdp.neda.gov.ph/wp-content/uploads/2017/01/06-04-07-2017.pdf>

⁶Republic Act No. 9282

⁷Umali. (2020, January 17). *National Justice Information System to interconnect Philippine justice sector systems*. Open Gov Asia. Retrieved from <https://opengovasia.com/national-justice-information-system-to-interconnect-philippine-justice-sector-systems/#:~:text=The%20Njis%20is%20an%20ICT,and%20inter%20Agency%20exchange%20mechanisms.&text=Having%20a%20real%20time%20in%20information,very%20ideal%20and%20ground%20breaking>

⁸NEDA. (2017). *Philippine Development Plan 2017–2022. Pursuing Swift and Fair Administration of Justice*. Retrieved from <https://pdp.neda.gov.ph/wp-content/uploads/2017/01/06-04-07-2017.pdf>

⁹Suarez. (2017). *Introduction to law (Sixth Edition)*.

PATULOY NA PAG-UNLAD: INCREASING GROWTH POTENTIAL

A. Advancing Science, Technology, and Innovation

The Updated PDP 2017-2022 considers innovation as a main driver in economic growth and development. With the ongoing pandemic, investments in science and technology (S&T) have been focused on transforming the local STI field through health research and development (R&D) and support for micro, small, and medium enterprises (MSMEs).

In addition, the Global Innovation Index (GII) has reported that the Philippines, along with Turkey, Vietnam, and India, is currently showing potential to change the global innovation landscape. From a 91st ranking in 2012, the Philippines advanced to 51st in the 2021 GII report. The country also ranked fifth among the member-countries of the Association of Southeast Asian Nations (ASEAN).

Table 1. GII Rankings of ASEAN Member-Countries, 2021

Country	2021
Singapore	8
Malaysia	36
Thailand	43
Vietnam	44
Philippines	51
Brunei Darussalam	82
Indonesia	87
Cambodia	109
Lao People's Democratic Republic	117
Myanmar	127

Source: GII Database

This report measures a country's capacity for and success in innovation on the basis of seven (7) categories, namely: institutions (political environment, regulatory environment, business environment); human capital and research (education, tertiary education, R&D); infrastructure (ICTs, general infrastructure, ecological sustainability); market sophistication (credit, investment, trade, diversification, and market scale); business sophistication (knowledge workers, innovation linkages, knowledge absorption); knowledge and technology outputs (knowledge creation, knowledge impact, knowledge diffusion); and creative outputs (intangible assets, creative goods and services, online creativity).

Across these categories, the Philippines scored significantly higher in knowledge diffusion, ranking first in high-technology exports with 32.3 percentage of total trade. These exports are composed of products with high R&D intensity, such as computers, pharmaceuticals, and electrical machinery, among others.¹

To sustain this positive momentum of changing the innovation landscape in 2022, the government has allotted PhP24.3 billion and PhP10.1 billion for the Department of Science and Technology (DOST) and Department of Information and Communications Technology (DICT). For these primary implementing agencies in the ICT sector, the budgets will fund programs, activities, and projects that will sustain and promote productivity and innovation, thereby accelerating growth towards becoming a knowledge-based economy. (See Table 2)

Boosting "Filipinnovation"

Coined from the words "Filipino" and "innovation", Filipinnovation refers to the national approach of the government to promote innovation. As part of the efforts towards building a prosperous economy through STI, Republic Act (RA) No. 11293, also known as the "Philippine Innovation Act", was signed into law by President Duterte on April 17, 2019. The law recognizes the importance of innovation as a vital component in national development and sustainable economic growth. And among the principles it upholds are the placement of innovation at the center of development policies and the promotion of a culture of strategy planning and innovation.

To incentivize the promotion of innovation, some PhP6.3 billion of the DOST-OSEC's budget will fund the projected increase in benefits of Filipinos researching cutting-edge technological innovations to enhance the country's scientific knowledge.

Overall, the enactment of landmark laws, such as the Philippine Innovation Act and Philippine Technology Transfer Act of 2009 (RA No. 10055), will help address the concerns surrounding the STI sector, particularly the lack of policies and laws that will protect the intellectual property rights of Filipino inventors and processes on how to transfer and commercialize R&D projects.

Ensuring a Harmonized R&D Agenda

The DOST has crafted the Harmonized National R&D Agenda (HNRDA) 2017-2022, which is aligned with the AmBisyon Natin 2040, to ensure that all the results of the endeavors in the STI field are geared towards economic growth and development. The HNRDA's framework focuses on the national integrated basic research agenda; health; agriculture, aquatic, and natural resources; industry, energy, and emerging technology; and disaster risk reduction and climate change adaptation.

In 2022, PhP3.6 billion has been allotted by the DOST for its Strategic S&T Program. This budget will be used to support and ensure that S&T programs and projects are aligned with

Table 2. 2022 Allocation for the DOST and Its Selected Attached Agencies

Particulars	Amount
DOST	PhP24.3 B
Office of the Secretary (OSEC)	PhP6.7 B
Advanced Science and Technology Institute (ASTI)	PhP519 M
Food and Nutrition Research Institute (FNRI)	PhP865 M
Forest Products Research and Development Institute (FPRDI)	PhP216 M
National Academy of Science and Technology (NAST)	PhP109 M
National Research Council of the Philippines (NRCP)	PhP147 M
Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development (PCAARRD)	PhP1.4 B
Philippine Council for Health Research and Development (PCHRD)	PhP778 M
Philippine Council for Industry, Energy and Emerging Technology Research and Development (PCIEERD)	PhP820 M
Philippine Nuclear Research Institute (PNRI)	PhP371 M
Philippine Science High School (PSHS)	PhP2.4 B
Philippine Textile Research Institute (PTRI)	PhP108 M
Science Education Institute (SEI)	PhP7.0 B
Science and Technology Information Institute (STII)	PhP110 M
Technology Application and Promotion Institute (TAPI)	PhP197 M

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

the HNRDA and that these are being implemented smoothly by the concerned national government agencies. Table 3 below shows the accomplishments and targets for this Program, including the funding support for 348 projects and 338 grantees.

PhP2.7 billion will go to the programs for regional and countryside development to fund the diffusion, transfer, and commercialization of knowledge, technologies, and other related projects and activities. The 2020 accomplishments of this program include the provision of 26,217 S&T interventions and assistance to 120,030 MSMEs, local government units (LGUs), higher education institutions, communities, and other customers.

Also, the NAST was created to recognize the outstanding achievements in the S&T field and provide the appropriate and meaningful incentives to those involved in these researches. Its PhP109 million budget will provide support and benefits for outstanding Filipino S&T experts and professionals, as well as enhance and foster the development of the local S&T field.

Investing in the STI Field

Grants. To spur and achieve economic growth through innovation, PhP8.1 billion has been allotted for the Grants-in-Aid Program of the DOST in 2022. This budget will fund projects identified in the priorities of the DOST and is aligned with the HRNDA in terms of providing financial grants to deserving Filipino public and/or private entities. In particular, the program may fund any of the following S&T programs and projects: (1) R&D, defined as the creative work undertaken on a systematic basis to increase knowledge; (2) research and development results utilization (RDRU), which refers to the technology utilization and dissemination of knowledge and innovation generated from R&D to reach end-users; (3) development of human resources and R&D institutions for the S&T sector, which involves the interventions in formal education and specialized trainings; and (4) provision of quality S&T services, which are the services that strengthen the S&T infrastructure.²

Scholarships. Aside from grants, the DOST also provides scholarships to increase the competitiveness of Filipinos in the fields of science, technology, engineering, and

Table 3. Accomplishments and Targets for the Strategic S&T Program, 2020-2022

Particulars	2020 Actual	2021 Target	2022 Target
Percentage of priorities in the HNRDA addressed	90% (18/20)	85%	90%
Number of projects funded	404	336	348
Number of grantees supported	215	323	338

mathematics. A total of PhP7.2 billion has been allotted for the scholarship programs, to be managed by the PSHS and SEI in 2022.

In 2020, the PSHS supported the secondary education of 9,319 scholars in all of its 16 campuses nationwide. The SEI funded 36,236 scholars in the same year, composed of 30,039 scholars enrolled in undergraduate programs, 4,557 in master's programs, and 1,640 in doctoral programs. For 2022, these two agencies target to support 61,177 scholars nationwide.

Agriculture, aquatic, and natural resources. The PCAARRD will receive a budget of PhP1.4 billion in 2022 to maintain and improve existing and develop new R&D strategies that will improve the crop, livestock, and forestry sectors of the country. Together with the NAST, the PCAARRD has crafted 10 Industry Strategic Plans, which define the R&D agenda in the following industries: export fruit crops, vegetables, legumes and root crops, coffee and abaca, coconut and oil palm, ornamentals, rice and white corn, sugarcane, swine-poultry-yellow corn. Their 2022 budget will also fund the production of science-based information materials for these industries, as well as fund 643 and monitor 637 R&D projects.

Businesses. MSMEs are considered the backbone of many national economies. In the Philippines, they comprise 99.5 percent of the total number of business establishments, and are the target of the DOST's Small Enterprise Technology Program (SETUP), which aims to help increase productivity in the local level through R&D.

In 2022, PhP948 million has been allotted to the DOST to promote and boost the competitiveness of 786 small enterprises by assisting them in improving their products and services.

Health. In 2022, the government allocates PhP778 million for the PCHRD, the DOST's arm in formulating policies, plans, and strategies for the development of the health S&T sector in the country. This budget funds R&D on health, particularly clinical trials and grants for start-ups in the health sector. Currently, the PCHRD is conducting clinical trials on the use of COVID-19 vaccines in the country in order to provide accurate and safe data on the efficacy of vaccines that are directly attributed to the Filipino population.

Likewise, PhP983 million has been allotted for the establishment of the Virology Science and Technology Institute of the Philippines. This will be directly under the DOST-OSEC and will serve as a virology research facility primarily focused on the study of viruses and viral diseases, including the coronavirus.

Food and nutrition. A total of PhP865 million is allocated to the Food and Nutrition Research Institute (FNRI) in 2022. Of this amount, PhP39 million will fund the agency's food and health R&D. The FNRI also allotted PhP20 million to expand their Nutrigenomics laboratory, with the goal of establishing a world-class Philippine Nutrigenomics Center. Nutrigenomics is the area of nutrition that uses molecular tools to search, access, and understand the several responses obtained through a certain diet applied between individuals or population groups.³

ICT and microelectronics. The PhP519 million proposed budget of the Advanced Science and Technology Institute will fund their programs and projects in 2022. They aim to report on these projects through published contributions in peer-reviewed journals, presentations in national and/or international conferences, and their filing and approval as intellectual property.

Nuclear medicine. PhP371 million has been allocated for the Philippine Nuclear Research Institute, a portion of which will fund nuclear medicine research and services. It will also be utilized for the development of emerging PET (Positron Emission Tomography) radiopharmaceuticals for early cancer staging, and assessment of biologic functions in cancer cells.

Forest products. The PhP216 million budget allotted for the Forest Products Research and Development Institute will be used for R&D; technology transfer and promotion; and testing, analysis and other technical services on wood and non-wood food forest products. The FPRDI aims to provide 2,000 technical services that would benefit 720 clients in 2022.

Intellectual property. The Global Innovation Index 2020 report noted that prior to 2007, one of the major issues that hindered the country from cultivating a culture of innovation was the lack of local information and processes on how to commercialize all the new knowledge from R&D.

Table 4. Accomplishments and Targets for S&T scholarships

Particulars	2020 Actual	2021 Target	2022 Target
PSHS			
Secondary Education	9,319	9,950	10,090
SEI			
Undergraduate Program	30,039	36,452	45,229
Master's Program	4,557	4,503	4,308
Doctoral Program	1,640	2,379	1,550
Total	45,555	53,284	61,117

But in 2015, the DOST released its intellectual property (IP) policies, paving the way for Filipinos to apply patents for their inventions.

The creation of these policies has led to an increase in the IP expenditure as a percentage of GDP over the past few years. The same 2020 report further noted that in 2018 alone, there were a total of 466 national patent applications and two (2) international applications under the Patent Cooperation Treaty (PCT), 2,096 utility models, and 875 industrial designs (IDs). All of these were filed by Filipinos.

To continue supporting the activities that promote the commercialization and adoption of new technologies developed by Filipinos, PhP197 million is allotted for the Technology Application and Promotion Institute in 2022. This will fund the provision of technical advisory services for those who wish to apply for patents and commercialize their inventions, innovations, and technologies.

Increased awareness. As the information and marketing arm of the DOST, the Science and Technology Information Institute will receive PhP110 million in 2020 for the establishment of S&T databanks and libraries, the dissemination of S&T information, and the conduct of trainings on S&T. This budget will cover the operations and broadcast of the DOST Science and Technology Channel (DOSTv), the installation of at least 100 Science and Technology Academic and Research-Based Openly-Operated Kiosk Stations (STARBOOKS), and the conduct of 1,336 promotion services and advocacy activities.

Textile. The PhP108 million budget for the Philippine Textile Research Institute will fund research studies on textile. This includes, among others, R&D on the chemical and physical characterization and optimization of textile raw materials and textile product properties and end-user diversification, and technological innovations for the productivity and competitiveness of textile and garment. It aims to provide a total of 24,294 technical services in 2022, which include textile processing and physical and chemical testing and evaluation of fiber, yarn, fabric, and allied products, among others.

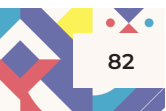
Enhancing the Philippine ICT System

Table 5 shows selected accomplishments and targets of the DICT from 2020 to 2022. Among the agency's notable accomplishments are the establishment of 4,305 live sites (for internet connection) in 79 provinces and 1,053 municipalities, the generation of 343,000 jobs in the countryside, the training of 48,389 ICT users, and the establishment of 502 ICT-enabled centers nationwide. Please refer to Table 5 for the DICT's targets for fiscal years 2021 and 2022.

Internet access. The ongoing COVID-19 pandemic has highlighted how essential a stable internet connection is during such crisis events. With almost every service having to be transferred to a digital platform, the government is challenged to narrow if not completely eliminate the digital divide existing nationwide and maximize the country's technological capabilities.

Table 5. Select Accomplishments and Targets of the DICT, 2020–2022

Particulars	2020 Actual	2021 Target	2022 Target
Number of localities with connectivity	79 provinces and 1,053 municipalities (4,305 live sites established)	79 provinces and 898 municipalities and cities (10,069 live sites maintained and operated)	81 provinces and 1,634 localities
Number of operationalized and enhanced infrastructures	55 buildings, 51 towers	Operations of 2 Cable Landing Stations (CLS) and 4 Repeater Stations; and operations and maintenance of 4 government communications management system	Operations of 2 CLS and 4 Repeater Stations; and operations and maintenance of 6 government communications management system
Increase in number of jobs generated in the Next Wave Cities (ICT Capacity Development and Management Program)	343,000 jobs generated in the countryside (based on the 2019 report and the projected flat growth rate for 2020)	Additional 200,000 jobs by 2022	Additional 200,000 jobs by 2022
Number of capability development activities conducted	849 capability development activities conducted	2,392	1,067
Number of ICT users trained	48,389 users trained	66,521	48,500
Number of ICT-enabled centers established in the communities	502 ICT-enabled centers established	11 upgraded Tech4Ed Centers to Digital Transformation Centers	104 upgraded Tech4Ed Centers to Digital Transformation Centers



In 2022, the DICT increased the budget for the Free Public Wi-Fi Internet Access Project, also known as the “Free Wi-Fi for All”, by 410 percent — from PhP500 million in 2021 to PhP2.6 billion in 2022. Of this amount, PhP2.5 billion will be allotted for the Free Internet Wi-Fi Connectivity in Public Places to fund the operations and maintenance of existing free internet wi-fi sites nationwide, while the remaining P50 million will be for the Free Internet Wi-Fi Connectivity in State Universities and Colleges.

ICT Capacity, Development, and Management Program. A total of PhP896 million will fund the following regular programs of the DICT: ICT Industry and Countryside Development (PhP558 million) and ICT Literacy Development and Management (PhP339 million). These programs will focus mainly on strengthening human skills and abilities in the ICT field, which will later be used to ensure the development of ICT infrastructure and design and improve public access to a reliable and affordable internet connection, among others.

National Government Data Center Infrastructure. PhP1.7 billion has been earmarked for the DICT to construct a physical infrastructure that will interconnect government agencies 24/7. This public health crisis calls for the improvement of public service and governance, so the government aims to optimize the current ICT resources available.

National Broadband Plan. To fast-track the installation of fiber optic cables nationwide, PhP1.5 billion will go to the National Broadband Plan of the DICT. Through the installation of these cables, it is expected that the overall internet speed of the country will increase. The government is hopeful that an open, pervasive, inclusive, affordable, and trusted broadband internet access will be available nationwide. Further, this project will not only lower internet costs, but also provide a faster and more reliable internet connection.

National Government Portal (NGP). The operations of the NGP, or the GOV.PH portal, will be funded with PhP317 million in 2022. This amount will be used to maintain the one-stop gateway for all web-based government information and services.

Science for Change

Regional disparity, or the uneven economic development in different geographic regions, is inevitable in an archipelagic country like the Philippines. However, with Filipinnovation, the government is positive that this disparity will soon be resolved, leading to the reduction of the urban-rural digital divide and the cultivation of a regionally-inclusive development that will later transform the country to a knowledge-based economy.

B. Reaping the Demographic Dividend

Population management is considered crucial for economic growth and development. If majority of a country’s population belongs to the working age group, the impact on the labor market and productivity is very significant, and therefore would affect the gross domestic product as well.

The Philippine population is currently at 109,035,343⁴, with a population density of 363 persons per square kilometer. The latest official data from the Philippine Statistics Authority’s (PSA) 2015 Census of Population shows that 63.4 percent, or 64,035,924, of the total population then were 15 to 64 years old or in the “working age population”. Despite this high number, the country still recorded a 57.7 percent dependency ratio, with the young dependency ratio accounting for more than 95 percent. The dependency ratio relates the number of children (0-14 years old) and older persons (65 years or over) who are most likely to be dependent on the working-age population (15-64 years old).⁵ (See Table 6 below)

Table 6. Philippine Population by Age Group, 2015

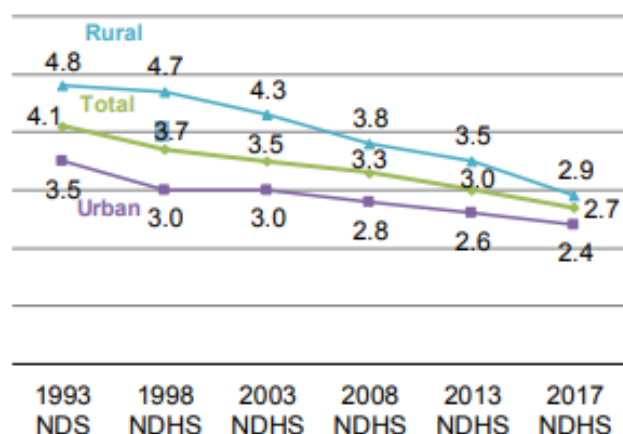
Particulars	Population
0-4 years	10,818,931
0-14 years	32,155,793
15-64 years	64,035,924
18 years and over	62,615,419
60 years and over	7,548,769
65 years and over	4,787,586
0-4 years	10,818,931

Source: Philippine Statistics Authority (PSA)

Fertility rate is a major determinant of economic growth. It is well noted that when fertility rates are high, health risks for children and their mothers increase, environmental threats worsen, and economic growth slows down.⁶ The United Nations Population Division has determined the ideal total fertility rate (TFR) at 2.1 children per woman, and against this standard, the Philippines’ TFR has been significantly decreasing over the past years. (See Figure 1)

Based on the latest National Demographic and Health Survey (NDHS) conducted by the Philippine Statistics Authority, the country’s TFR is at 2.7 children per woman, which is slightly lower than the 3.0 TFR in 2013. This means that a woman may give birth to 2.7 children during her childbearing years. The decline in the TFR can be attributed to the increase of opportunities on reproductive health for women.⁷

A large working-age population means that opportunities for livelihood, savings, and economic growth correspondingly increase. More Filipinos will be able to gain employment and

Figure 1. Trends in Fertility Rate

Source: PSA

Note: TFR for the 3 years before each survey

thus contribute more to family income. The Commission on Population and Development (POPCOM) explains that once a family enters this phase, they will begin to experience the “*ginhawa sa bubay*” that all Filipinos are aspiring for. This comfortable life will enable them to have more access to social and health care services, especially on reproductive health, and therefore contribute to the decrease in infant, child, and maternal mortality rates.

And once the fertility and infant, child, and maternal mortality rates have declined, the country may be said to enter the demographic transition. This involves three phases: first, when the fertility rate is high and the mortality rate is low; second, when fertility and mortality rates are equal; and third, when fertility rate is low and mortality rate is high.

Once the country reaches the third phase, the country will now be able to reap and enjoy what is called the “demographic dividend”. According to the United Nations Population Fund, demographic dividend is “the economic growth potential that can result from shifts in a population’s age structure, mainly when the share of the working-age population (15 to 64) is larger than the non-working-age share of the population (14 and younger, and 65 and older).”

For decades, the government had been working to achieve the demographic dividend in the Philippines. These efforts have finally borne fruit, as seen in the improving results of demographic surveys, the full implementation of Republic Act No. 10354 or the Responsible Parenthood and

Reproductive Health (RPRH) Law of 2012, the decrease in infant and under-five mortality, and improvement in the delivery of nutrition and health services.⁸

However, the ongoing COVID-19 pandemic has necessitated the imposition of quarantine lockdowns, which have resulted in challenges and difficulties in providing social and health services. This is why the government formulated the following measures to ensure that the journey to achieving and reaping the effects of demographic dividend will continue: (1) accelerating demographic transition across regions by reducing mortality rates and achieving wanted fertility rates, and (2) maximizing gains from the demographic dividend in all regions by improving the quality of human capital, increasing youth and female labor force participation, and improving savings build-up and population integration and youth participation.

In June 2021, the POPCOM released its assessment of demographic vulnerabilities of barangays in the Philippines. Taking into consideration the ability of a person to conduct “social or physical distancing”, which is considered a crucial health protocol against COVID-19, it was reported that there are at least 133.15 cases per barangay with high and very high-density population and 19.03 cases per barangay in low and medium density barangays. High or very high-density barangays also reported at least 3.05 deaths per barangay, while low or medium density barangays reported 1.84 deaths. The POPCOM also noted that the highest averages were seen in high density barangays, with 137.41 cases/barangay and 3.38 deaths per barangay.

National Program on Population and Family Planning

The Administration will continue to intensify its efforts to manage the country’s population growth amidst the continuing public health crisis. PhP40.6 billion of the proposed 2022 National Budget will be allotted for the National Program on Population and Family Planning (NPPFP). Of this amount, PhP843 million will go to the Department of Health (DOH), PhP86 million to the National Economic and Development Authority (NEDA), and PhP39.7 billion⁹ to the Budgetary Support to Government Corporations.

The NPPFP Program is under the Program Convergence Budgeting approach, wherein government agencies collaborate for a more efficient and effective designing and implementation of programs and projects. This amount will generally be used to improve access to health care services.

Table 2. Budget for the NPPFP, 2021-2022

Particulars	2021	2022
Total	PhP40.9 B	PhP40.6 B
Budgetary Support to Government Corporations	PhP39.7 B	PhP39.7 B
DOH	PhP1.1 B	PhP843 M
NEDA	PhP103 M	PhP86 M

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

Table 3. Updated Targets to Maximize Demographic Dividend

Particulars	Baseline	2022
<i>Demographic transition accelerated</i>		
Maternal Mortality Rate (MMR) per 100,000 live births decreased	95 (2016)	108.0
Under-five mortality rate per 1,000 live births decreased	31.0 (2013)	22.0
Adolescent birth rate (aged 15-19 years) decreased (number of births per 1,000 women in that age group)	57.1 (2013)	37.0

Source: Updated 2017-2022 Philippine Development Plan (PDP)

To complement the NPPFP, the 2022 targets for the demographic dividend portion in the PDP were also updated. It will be noted that there may be a slight increase in the MMR from 95 per 100,000 live births in 2016 to 108.0 in 2022 due to the expected impact of the COVID-19 pandemic on the increase in deaths in 2020 vis-a-vis limited access to sexual and reproductive health services. However, this target will be recalibrated in 2022 to ensure that the target of 70 MMR under the 2030 sustainable development goals will be reached.

Likewise, the government targets to reduce the under-five mortality rate to 22.0 by 2022, from the 31.0 per 1,000 births recorded in 2013, and adolescent birth rate, or women aged 15 to 19 years, to 37.0 births per 1,000 women by 2022 from the 57.1 in 2013.

Family Health, Immunization, Nutrition, and Responsible Parenting. The government recognizes the importance of the family as a fundamental unit of society. Section 12, Article II of the Constitution “recognizes the sanctity of family life and shall protect and strengthen the family as a basic autonomous social institution. It shall equally protect the life of the mother and the life of the unborn from conception.” The government interprets this to mean that it must ensure that citizens reach their desired number of family members at their preferred time.

For 2022, PhP10.8 billion has been allotted for the Family Health, Immunization, Nutrition, and Responsible Parenting Program of the DOH. It consists of the following sub-programs: Family Planning Program, Nutrition Program, Oral Health Program, and National Immunization Program.

In 2020, the DOH recorded a 26 percent modern CPR in the country. Modern CPR is defined as the percentage of women using modern contraceptive methods, such as oral contraceptive pills, implants, injectables, and female and male condoms, among others. The government aims to further improve this by increasing the target percentage to 29 percent and 30 percent for 2021 and 2022, respectively.

First 1,000 Days. The importance of a child’s first 1,000 days -- from conception until the age of two -- is recognized globally. Poor nutrition and improper care during this period may result in irreversible damage that will hinder them from achieving their full potentials in life, or worse, cause death.

To reduce infant, children, and maternal mortality rates, as well as promote good health, PhP139 million has been earmarked for the First 1,000 Days Program of the DOH. This budget will provide additional sustenance to 19,290 nutritionally at-risk pregnant women living in 5th to 6th class municipalities.

Philippine Population Management Program (PPMP). In 2017, the government released the Philippine Population Management Program Directional Plan (PPMP DP) for 2017-2022. It was created to help achieve the goals stated in the PDP 2017-2022, such as reaping the benefits of the demographic dividend. The PPMP DP aims to “empower Filipino individuals, families and communities by enabling them to achieve their fertility intentions, prevent adolescent pregnancy, and consciously take into consideration population factors in sustainable development initiatives”.¹⁰

To fund the efforts under this plan, PhP315 million of the POPCOM budget will be used to enable couples, parents, and interested individuals to receive free lessons on teenage pregnancy, early marriage, and sexually transmitted infections, among others. Psycho-social counselling will be conducted for adolescents and youth, too.

The PPMP has three sub-programs: Responsible Parenthood and Family Planning (RFPF), Adolescent Health and Development (AHD), and Population Development (PopDev).

For RFPF, one of its goals is to assist couples and/or parents in reaching their desired number, timing, and spacing of children by providing classes on responsible parenthood and how to improve maternal and child health, among others. It also addresses the needs and aspirations of the family, depending on their socioeconomic, emotional, and psychological capacities.

In addition to this, the general goals of this program are to attain the desired TFR of couples from 2.8 to 1.7; increase the contraceptive prevalence rate (CPR) from 53.7 percent to 63 percent; reduce family planning unmet needs from 17.66 percent to 11 percent; and reduce maternal mortality rate from 162 to 52.2 deaths per 100,000 live births.

National Demographic Health Survey. Since 1993, the PSA has conducted the NDHS every five (5) years, to measure the aspects of the country’s population, health, and nutrition. The latest survey, or the 6th NDHS, was conducted in 2017, so the PDA is expected to release the 7th NDHS in 2022.

PhP82 million will be allocated for the conduct of this survey in 2022. It is expected to provide up-to-date information on marriage, fertility levels, awareness and the use of family

planning methods, women empowerment, and maternal and child health, among others.

Other Efforts. Additionally, the Department of Education (DepEd), DOH, and POPCOM recently launched the Comprehensive Sexuality Education and Adolescent Reproductive Health (CSE-ARH) Convergence Program. This program will tackle topics such as adolescent pregnancies, human immunodeficiency virus (HIV), acquired immunodeficiency syndrome (AIDS) infection, and other reproductive health issues among the youth.¹¹

Focusing on the learners and personnel under the DepEd, the CSE will integrate age, culture, and gender-responsive information in the K to 12 curriculum. The ARH, on the other hand, will focus on responsible parenthood and responsible health. These national government agencies will tailor these topics to be appropriate to the current generation, making it easier for them to grasp the importance of these issues.

Improving the Quality of Life through Population Management

Though the pandemic threatens to reverse the rewards from the successful implementation of population management programs, the government, through the proposed 2022 National Budget, remains committed to ensure access to reproductive health care and services for every Filipino; reduce youth and maternal mortalities; and create more livelihood opportunities.

Endnotes:

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⁵ United Nations. (n.d.). *Dependency Ratio*. Retrieved from https://www.un.org/esa/sustdev/natlinfo/indicators/methodology_sheets/demographics/dependency_ratio.pdf

⁶ World Bank. (2010). *Determinants and Consequences of High Fertility: A Synopsis of the Evidence*. Retrieved from <https://openknowledge.worldbank.org/handle/10986/27497>

⁷ Philippine Statistics Authority. (2018 October). 2017 National Demographic and Health Survey. Retrieved from https://psa.gov.ph/sites/default/files/PHILIPPINE%20NATIONAL%20DEMOGRAPHIC%20AND%20HEALTH%20SURVEY%202017_new.pdf

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⁹ Excludes corporates funds of participating government-owned and/or -controlled corporations

¹⁰ POPCOM. (2017). *PPMP DP*.

¹¹ POPCOM. (16 September 2021). *ICYMI: DEPED, DOH, POPCOM LAUNCH CONVERGENCE OF COMPREHENSIVE SEXUALITY EDUCATION AND ADOLESCENT REPRODUCTIVE HEALTH*. Retrieved from <https://popcom.gov.ph/icymi-deped-doh-popcom-launch-convergence-of-comprehensive-sexuality-education-and-adolescent-reproductive-health/>

FORTIFYING THE FOUNDATIONS FOR SUSTAINABLE DEVELOPMENT

A. Accelerating Strategic Infrastructure Development

The widescale destructive impacts on both human capital and the economy and the continuing uncertainty caused by the COVID-19 pandemic have tended to sidetrack the pursuit of an efficient and sustainable development strategy. Communities and governments, in fear of not being able to recoup losses and overcome experienced setbacks, had often been led to settle on the fastest and most convenient way out, regardless of future consequences.

While the Duterte Administration has readily acknowledged that the national health crisis has indeed impacted the acceleration of its infrastructure journey, the government has not allowed the total derailment of projects, even while effectively responding to the health priorities during the pandemic. To preserve past gains for an enduring legacy, the Administration ensures that the foundations for sustainable development remains a priority despite and in the midst of the COVID-19 threats.

Before the COVID-19 outbreak, the Philippine economy had been steadily growing by an average of 6.3 percent annually. This growth was achieved largely through the implementation of structural economic reforms and sound macroeconomic policies. However, while the country's economy has been recognized as one of the best performers in Asia, it continued to struggle with challenges inherent in an outdated and insufficient infrastructure.¹

Quick to recognize this, the Duterte Administration moved early to directly address it, primarily by increasing public infrastructure spending, from an average of 3.0 percent of gross domestic product (GDP) from 2011 to 2016 to over 5.0 percent of GDP since 2018.² This concretized the Administration's commitment to lead the Philippines into the "Golden Age of Infrastructure," marked by a resolute infrastructure expansion campaign bannered by the *Build, Build, Build* Program.

The Program underscores the high priority given to infrastructure development as a vital key in achieving a stable economic growth and unlocking productive economic opportunities. It reflected the government's conviction that public infrastructure such as roads, railways, airports, and ports enhance the accessibility of various services and greatly improve the productivity and quality of life of people.³

With the emergence of the pandemic, however, the safety and protection of the Filipino people from the rampaging virus took paramount importance. Thus, the progress of

infrastructure projects was temporarily disrupted, and the expected national infrastructure expansion decelerated.

As the country has climbed back onto the recovery path, however, with more people vaccinated and the economy gradually coming back to life, the stalled projects have also been resumed, while still ensuring that these are compliant with the safety and health protocols in the context of the pandemic.

***Build, Build, Build* Program**

Maintaining its constant place in the priorities of the Administration, the *Build, Build, Build* Program is to receive a PhP1.180 trillion budget, equivalent to 5.3 percent of GDP, to continue its infrastructure programs and projects in Fiscal Year 2022. This amount is higher by 9.9 percent compared to the PhP1.074 trillion allocation in 2021.

Of the total infrastructure budget, PhP645.3 billion, or 54.7 percent, has been allotted for budgetary programs to finance the expenses of day-to-day operations of national government agencies, covering expenses for basic utilities, maintenance, machinery and equipment outlays, land improvement outlays, and buildings and other structures, among others.

The remaining PhP535.2 billion, or 45.3 percent, will be used for both locally-funded projects (entirely funded through internally-generated funds of the national government) and foreign-assisted projects (entirely or partially funded through foreign loans and/or grants). Of this amount, the locally-funded projects will receive PhP367.4 billion, while foreign-assisted projects will get PhP167.8 billion.

The national government agencies (NGAs) will receive PhP890.7 billion, a hefty 75.5 percent of the total infrastructure budget. This amount is higher by PhP39.0 billion than the 2021 budget of PhP851.7 billion. Among the NGAs, the Department of Public Works and Highways (DPWH) and the Department of Transportation (DOTr), as the government's leading infrastructure agencies, will receive PhP686.1 billion and PhP151.3 billion, respectively.

On the other hand, the local government units (LGUs) will have PhP247.8 billion, or equivalent to 21.0 percent. This is PhP64.3 billion higher than the PhP183.5 billion in 2021 due to the devolution as a result of the Mandanas-Garcia Ruling. The remaining PhP42.0 billion is earmarked for Government-Owned and/or –Controlled Corporations (GOCCs).

Table 1. Infrastructure Outlays

(in billion Pesos)

Particulars	2020 Actual	2021 Program	2022 Proposed
Programs	361.5	437.4	645.3
Locally-Funded Projects	385.3	567.2	367.4
Foreign-Assisted Projects	70.8	69.2	167.8
Total	817.6	1,073.8	1,180.5

*Note: Figures may not add up due to rounding off.***Table 2. Public Sector Infrastructure Budget**

(in billion Pesos)

Particulars	2020 Actual	2021 Program	2022 Proposed
NGAs	574.5	851.7	890.7
LGUs	193.6	183.5	247.8
GOCCs	49.6	38.6	42.0
Total	817.6	1,073.8	1,180.5

*Note: Figures may not add up due to rounding off.***Regional Allocation of the Infrastructure Budget.**

The infrastructure budget may be categorized into two parts, the non-regionalized budget and the regionalized budget. Under the non-regionalized budget, the Nationwide allocation, or the allocations that are yet to be distributed to various regional offices of departments/agencies and to multi-user special purpose funds, is pegged at PhP205.7 billion, or 17.4 percent of the infrastructure budget. The Central Office allocation, which are infrastructure allocations managed by the head offices of departments/agencies for their respective units, will receive PhP683.1 billion, or 57.9 percent of the total infrastructure budget.

Developed infrastructure, as the World Economic Forum notes, serves not only to reduce the distance between regions but to integrate national markets and connect them at low costs to other economies.⁴ To encourage the balanced distribution of resources and foster inclusive growth across all regions, PhP291.6 billion, 24.7 percent of the total budget, will be allocated for regional infrastructure in 2022. The bulk of this amount will go to Luzon (PhP172.3 billion), followed by Mindanao (PhP69.6 billion), and Visayas (PhP49.7 billion).

In the Luzon group, the National Capital Region (NCR) receives the largest allocation, with PhP45.0 billion. This amount includes the funding requirements of departments/agencies located in the NCR with nationwide coverage, but without regional operating units. In the Visayas, Region VIII gets the largest allocation with PhP19.3 billion. And in Mindanao, the Bangsamoro Autonomous Region in Muslim Mindanao gets the highest allotment with PhP18.5 billion.

Ensuring Safe and Reliable Road Networks and Transportation Systems

While transport infrastructure has always been acknowledged as a key factor in linking economic centers, the COVID-19 pandemic has highlighted even more the importance of an efficient public transport system and road network in meeting the demands of an increasingly urbanized economy⁵ in general, but particularly in times of crisis, to assure the continued productivity of the people.

Land Transport. By far, road transport remains the dominant mode of transportation in Philippines, with approximately 98 percent of passenger traffic and 58 percent of cargo traffic making use of it.⁶ It is critical that the country continue to expand and improve its land transport system.

Under the Road Network Development Program of the Department of Public Works and Highways (DPWH), PhP148.9 billion will be allocated to expand the connectivity of road systems and enhance the mobility of people and goods across the country. This will be done through the construction of 1,137.95 kilometers (km) of new roads and the widening of 651.180 km of existing roads. Among the notable projects under this program are the Davao City Bypass Construction Project (South and Center Sections), the Arterial Road Bypass, and the Samar Pacific Coastal Road.

Further, to ensure that the country's road system remains safe and reliable, PhP63.3 billion will be provided for the Asset Preservation Program. The program will guarantee the preventive maintenance of 1,073.833 km of roads; rehabilitation and reconstruction of roads with slips, slope collapse, and landslide; repair, reconstruction, and upgrading of 228.576 km of damaged paved roads; and construction, upgrading, and rehabilitation of drainage along national roads.

Bridges play an important role in connecting people and places. For 2022, the Bridge Program will be provided with PhP35.4 billion for the construction of 33,285 lineal meters of bridges, as well as the maintenance, retrofit, repair, rehabilitation, and widening of 281 existing bridges all over the country. Of this amount, some PhP2.6 billion will be provided for the seismic improvement project of various

Table 3. Regional Distribution of the Infrastructure Budget
(in billion Pesos)

Particulars	2020 Actual	2021 Program	2022 Proposed
Non-Regionalized Budget	689.9	697.5	888.8
Nationwide ⁷	131.1	165.9	205.7
Central Office ⁸	558.8	531.6	683.1
Regionalized Budget	127.8	376.1	291.6
Cordillera Administrative Region (CAR)	3.3	18.6	12.2
Region I	3.5	16.9	14.5
Region II	3.4	18.0	15.9
Region III	6.8	30.8	27.0
National Capital Region (NCR) ⁹	35.3	55.8	45.0
Region IV-A	4.6	33.6	23.2
MIMAROPA	2.2	14.7	11.3
Region V	5.1	25.7	23.2
Region VI	4.2	21.7	15.4
Region VII	4.2	20.7	15.0
Region VIII	4.5	21.6	19.3
Region IX	2.4	11.8	8.8
Region X	3.2	20.0	12.9
Region XI	3.4	22.6	12.4
Region XII	2.2	12.3	9.4
CARAGA	3.7	11.6	7.6
Bangsamoro Autonomous Region in Muslim Mindanao ¹⁰	35.8	19.7	18.5
Total	817.6	1,073.8	1,180.5

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

major bridges in Metro Manila. Also, PhP9.7 billion will be used for the construction of new bridges such as the Pangul Bay Construction Project and the Pasig River, Marikina River and Manggahan Floodway Bridges Construction Project, among others.

Rail Transport. Currently, the country has 76.9 kilometers of operational railways, a paltry amount compared to the rail systems of its neighboring countries. Aware of this, the government aims to build and lay the groundwork for approximately 1,200 kilometers of railways by 2022 and beyond. This improved rail network is expected to benefit around 4.5 million passengers per day.¹¹

To achieve this, the Rail Transport Program will receive the bulk of the DOTr's proposed budget amounting to PhP110.9 billion. Of this amount, PhP58.6 billion will be earmarked for the North-South Commuter Railway, PhP34.6 billion for Phase 1 of the Metro Manila Subway Project, PhP7.1 billion as Subsidy for Mass Transport, PhP3.4 billion for the LRT Line 1 Cavite Extension Project, PhP3.1 billion for the MRT 3 Rehabilitation Project, PhP3.0 billion for the Philippine

National Railways South Long Haul Project, and PhP1.0 billion for the Subic-Clark Railway Project.

Air Transport. Air transportation offers a fast mode of transportation for people and goods to reach distant places. It surmounts the limitations and challenges of travel through varied and difficult terrain and thus expands opportunities for further trade and tourism.

To help boost the country's aviation infrastructure and market, PhP1.7 billion is proposed for the Department of Transportation's (DOTr) Aviation Infrastructure Program for 2022. This amount will be used to construct, rehabilitate, and improve airports such as the Catbalogan Airport (PhP950 million), Ormoc Airport (PhP415 million), Tandag Airport (PhP264 million), and Itbayat Airport (PhP55 million).

Maritime Transport. A fast, safe, and efficient maritime transport system is crucial for the development of archipelagic countries such as the Philippines. This provides opportunities for better inter-island integration and international trade that can boost economic and tourism activities.

For 2022, PhP716 million, under the DOTr budget, will be allotted for the Maritime Infrastructure Program. Of this amount, PhP550 million is earmarked for the Sorsogon RoRo Terminal Expansion Project and PhP160 million for the New Cebu International Container Port Project to ease the traffic of goods from Luzon to Visayas and Mindanao. In addition, some PhP155 million will also be provided for the Maritime Safety Capability Improvement Project (Phase 2).

Building the Way for the Future

There is no question that the pandemic has affected the infrastructure development of the Philippines. Yet, even as the government realigned programs and funding to address the pandemic, it has not lost sight of its commitment in enhancing the country's infrastructure. As the country continues in the path of recovery, the infrastructure projects and programs will carry on in setting foundations needed for sustainable development.

Endnotes:

¹ International Monetary Fund. (2020). *Philippines: 2019 Article IV Consultation—Press Release; and Staff Report*. Retrieved from <https://www.imf.org/en/News/Articles/2020/02/06/nao20620the-philippines-a-good-time-to-expand-the-infrastructure-push>

² Ibid.

³ Andrés, Luis & Iimi, Atsushi & Orfei, A. & Samad, Hussain. (2013). *Impact Evaluation for Infrastructure: General Guidance and Existing Evidence*. Retrieved from https://www.researchgate.net/publication/275274433_Impact_Evaluation_for_Infrastructure_General_Guidance_and_Existing_Evidence

⁴ World Economic Forum. (2014). *Global Competitiveness Index*. Retrieved from <http://www.weforum.org/reports>

⁵ Asian Development Bank. (2014). *Philippines - Transport Sector Assessment, Strategy, and Road Map*. Retrieved from <https://www.adb.org/sites/default/files/institutional-document/33700/files/philippines-transport-assessment.pdf>

⁶ Ibid.

⁷ 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).

⁸ Central Office allocations consist of infrastructure allocations being managed by the head offices of departments/agencies for their respective units.

⁹ Regional allocations for NCR include funding requirements of departments/agencies located in the NCR with nationwide coverage, but without regional operating units.

¹⁰ Inclusive of infrastructure projects located in BARMM (and former ARMM) provinces

¹¹ Department of Transportation. (2021). *Railways Sector*. Retrieved from <https://dotr.gov.ph/railways-sector.html>

B. Protecting Ecological Integrity and the Environment

While countries continue to focus on recovering their economies and safeguarding lives and livelihoods from the devastating impact of the pandemic, efforts to mitigate the negative effects of climate change must still continue. Climate change and its root causes alter the way we relate to other species on Earth because as our planet heats up, animals big and small, on land and in the sea, head to the poles to get out of the heat and come into contact with other animals they normally wouldn't—creating the great opportunity for pathogens to get into new hosts.¹

As countries have needed to refocus and, in some cases, reshape their priorities, the pandemic has provided countries with a unique opportunity to engineer a shift to a cleaner, safer, and sustainable economy that will benefit both the people and nature. As proposed by the United Nations Secretary-General, countries should:

- (1) Accelerate the decarbonization of economies;
- (2) Create green jobs that will foster sustainable and inclusive growth;
- (3) Make fair societies and people more resilient;
- (4) Invest in sustainable solutions;
- (5) Confront climate risks; and
- (6) Encourage cooperation among each other.²

The FY 2022 Proposed National Budget is premised on these foregoing UN tasks and plans to take action to build back better in and for the country and the people.

Promoting a Greener and Healthier Future

For 2022, the government will allot PhP24.4 billion³ for environmental protection. This budget is slightly higher than the PhP24.1 billion allotted in 2021. Of this total amount, PhP10.4 billion is allocated for the protection of biodiversity and landscape, PhP6.4 billion for environmental protection, and PhP3.9 billion for waste management, among others.

As the primary agency responsible for upholding the country's environment and natural resources, the Department of Environment and Natural Resources (DENR) will be given a budget of PhP26.3 billion for 2022, seven (7) percent higher than the PhP24.6 billion budget this year. This allocation will cover programs that aim not only to protect, conserve, and manage the environment and natural resources but also promote sustainable economic recovery and growth for the present and future generations.

Forest and Watershed Management. The bulk of the allocation for Forest and Watershed Management (PhP6.2 billion) is earmarked for the National Greening Program (PhP3.7 billion) which aims to sustain the rehabilitation of forestlands through the establishment of nurseries, the planting of 72,900,557 seedlings in 83,006 hectares of forests, and the conservation of 229,941 hectares of forests and watersheds.

Furthermore, the Forestland Management Project and Soil Conservation and Watershed Management will receive PhP483 million and PhP453 million, respectively. These programs aim to strengthen the integration of conservation and development-oriented activities to local communities and to capacitate them in the management of ecosystems.

Coastal and Marine Ecosystems Rehabilitation.

To continue efforts in protecting and sustainably managing the country's marine biodiversity and coastal habitats, PhP272 million will be allocated for the Management of Coastal and Marine Resources/Areas.

Meanwhile, PhP1.6 billion is allotted for the Manila Bay Coastal Management Strategy to help realize the socio-economic development and environmental management master plan for Manila Bay that will: (1) support the recovery of its water quality; (2) ensure that its coastal waters and surrounding rivers are safe for public recreation; (3) achieve sustainable development goals; and (4) create a systematic and safe management and disposal of toxic and hazardous wastes that will arrest the degradation of Manila Bay.

Protected Areas, Caves, and Wetlands Development and Management.

The Philippines, as one of the megadiverse countries, is home to a wide selection of species, many of which are endemic in the country. However, it faces grave threats due to rapid deforestation and habitat destruction. From 2002 to 2020, in fact, the country lost 151 kilo hectares of forest due to illegal loggings, mining, and forest fires. To address these and other future threats, the government has allocated PhP1.0 billion for the conservation of the country's ecosystems through environmental reserves protection and degraded areas rehabilitation.

Clean Water. For 2022, the DENR-Environmental Management Bureau (EMB) will receive PhP141 million for the implementation of its Clean Water Regulations. These regulations aim to improve the water quality of 42 priority rivers and other critical bodies of water through the monitoring and designation of water quality management areas. In addition, PhP5 million will be allotted for the National Water Quality Management Fund which shall be used for: (1) finance containment and clean-up operations of the government in water pollution cases; (2) guarantee restoration of ecosystems and rehabilitation of affected areas; (3) support to research, enforcement, and monitoring activities; (4) technical assistance to implementing agencies; (5) support to information and educational campaign; and (6) such other disbursements made solely for the prevention, control, or abatement of water pollution and management, and administration of the management areas.

Additionally, of the PhP135 million budget that will be given to the National Water Resources Board, PhP18 million is allocated for the implementation of its Water Resources

Table 1. Allocation for Environmental Protection

(in thousand Pesos)

Particulars	2020	2021	2022
Environmental Protection, of which:	19,065,627	24,088,383	24,430,561
Waste management	2,762,245	3,300,039	3,920,306
Waste water management	0	80,000	0
Pollution abatement	1,437,766	2,771,973	2,784,003
Protection of biodiversity and landscape	8,471,924	9,518,455	10,379,976
R&D Environmental protection	601,644	1,322,915	924,566
Environmental protection	5,792,048	7,095,001	6,421,710

Management Program, PhP56 million for the Water Resources Enforcement and Regulatory Program, and PhP16 million for the Water Resources Vulnerability and Sustainability Assessment Program.

The Local Water Utilities Administration, under the Department of Public Works and Highways, will be subsidized with PhP527 million to ensure that Filipinos have access to an adequate and safe water supply and improved sanitation systems.

Clean Air. To ensure the improvement of the country's air quality, the DENR-EMB will receive PhP143 million for the operation and maintenance of 102 Air Quality Monitoring Stations (AQMS), the calibration of 47 stations, and the monitoring of 16,915 firms. With these AQMS, authorities will be able to provide accurate and reliable data on the air pollutants present in the air that may cause non-communicable diseases like cardiovascular and respiratory ailments, stroke, and lung cancer. Additionally, PhP35 million will be allotted for the Air Quality Management Fund to finance the activities for air quality rehabilitation, research, enforcement, monitoring, and technical assistance.

Waste Management. Cognizant that proper waste management is crucial in sustaining ecological balance and reducing disaster risks, the government will earmark PhP3.9 billion for waste management, higher than the 2021 and 2020 levels of PhP3.3 billion and PhP2.8 billion, respectively.

For 2022, the Metropolitan Manila Development Authority will allocate PhP2.7 billion for its Solid Waste Management Program. This will cover the expenses for proper waste disposal and management of sanitary landfill and pertinent facilities.

Under the DENR-EMB, some PhP1.0 billion will be allotted for its waste management activities. This includes the PhP256 million for solid waste management, PhP43 million for toxic substances and hazardous waste management, and PhP775 million for the construction of a Waste to Energy facility in Davao City.

Disaster Risk Reduction and Management Funds

The government has long recognized the importance of

being prepared for disasters. As such, part of the yearly budget has been regularly earmarked to provide funds for disaster risk reduction and management.

National Disaster Risk Reduction and Management Fund (NDRRMF). For 2022, the proposed NDRRMF will amount to PhP20.0 billion. This will be used to support disaster prevention, mitigation, and preparedness activities, as well as the rehabilitation and recovery of communities affected by natural or human-induced calamities. Under the same fund, PhP1.0 billion is proposed to be set aside for the Marawi Recovery, Rehabilitation, and Reconstruction Program.

Quick Response Fund (QRF). A budget of PhP6.35 billion will be earmarked for QRF as a standby fund that may be used to facilitate the swift response to and recovery of the communities or areas affected by disasters, calamities, epidemics, or complex emergencies. This amount is lodged under the following agencies: PhP2.0 billion under the Department of Education; PhP1.25 billion under the Department of Social Welfare and Development; PhP1.0 billion under the Department of Agriculture; PhP1.0 billion under the Department of Public Works and Highways; PhP500 million under the Department of Health; PhP500 million under the Office of Civil Defense; PhP50 million under the Bureau of Fire Protection; and PhP50 million under the Philippine National Police.

Monitoring and Mitigating Environmental Hazards

Given its location along the Pacific Ring of Fire and its close proximity to the typhoon belt of the Pacific, the Philippines is highly vulnerable to natural disasters such as typhoons, flooding, landslides, and earthquakes, among others.⁴ In view of this, providing adequate information on the hazards and any imminent danger are crucial for an effective disaster management. Recognizing this, the government will invest in a number of interventions related to disaster mitigation and environmental mapping such as early warning systems, up-to-date hazard maps, and flood mitigating infrastructure.

Modernization of the Country's Weather Bureau.

Under the Department of Science and Technology (DOST), the Philippine Atmospheric, Geophysical and Astronomical

Table 1. Allocation for Environmental Protection

Particulars	2022 NEP
Department of Education	PhP2.0 B
Department of Social Welfare and Development	PhP1.25 B
Department of Agriculture	PhP1.0 B
Department of Public Works and Highways	PhP1.0 B
Department of Health	PhP500 M
Office of Civil Defense	PhP500 M
Bureau of Fire Protection	PhP50 M
Philippine National Police	PhP50 M

Services Administration's (PAGASA) will receive a PhP1.4 billion budget for 2022, to fulfill its principal mandate to "provide protection against natural calamities and utilize scientific knowledge as an effective instrument to ensure the safety, well-being and economic security of all the people, and for the promotion of national progress."⁵

Around PhP803 million of PAGASA's budget will also be used to promote the safety and preparedness of Filipinos in the event of disasters such as typhoons, flooding, storm surges, and other related calamities. Of this amount, PhP644 million will be used for its Weather and Climate Forecasting and Warning Program, PhP84 million for Flood Forecasting and Warning Program, and PhP75 million for Research and Development on Atmospheric, Geophysical and Astronomical and Allied Sciences Program.

Philippine Institute of Volcanology and Seismology (PHIVOLCS). PHIVOLCS, another agency under the DOST, is mandated "to mitigate disasters that may arise from volcanic eruptions, earthquakes, tsunami and other related geotectonic phenomena".⁶

For 2022, the PHIVOLCS will receive a PhP554 million budget, PhP281 million of which will fund the Volcano, Earthquake and Tsunami Monitoring and Warning Program, while PhP100 million will support its Volcano, Earthquake and Tsunami Hazards Mapping, Risk Assessment and Research and Development Program, and PhP25 million will fund the Volcano, Earthquake and Tsunami Disaster Preparedness and Risk Reduction Program.

Geohazard Assessment and Mapping. The government, in its bid to further mitigate the effects and impacts of disasters, is constantly providing new and up-to-date information on areas that are highly susceptible to various disaster-related hazards.

For 2022, PhP788 million is allocated for the National Mapping and Resource Information Authority (NAMRIA), the country's central mapping agency. Of this amount, PhP690 million is earmarked for the Mapping and Resource Information Program to improve the adaptive capacities of communities across the country. Under this program are the

following: Topographic Base Mapping and Geodetic Surveys (PhP468 million), Hydrographic and Oceanographic Surveys and Nautical Charting (PhP136 million), Geospatial Information Management (PhP63 million), and Resource Assessment and Mapping (PhP23 million).

Additionally, PhP225 million from the DENR-Mines and Geosciences Bureau will be used to assess vulnerabilities and risks exposure of communities, as well as, provide intensive information, education, and communication campaigns on geohazards.

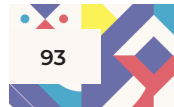
Flood Control Infrastructure. Flooding is a perennial problem in the Philippines, especially during the monsoon seasons. Not only does it affect people but also the infrastructure and economic activities of the country.

The Department of Public Works and Highways' Flood Management Program will be provided PhP131.1 billion to help develop long-term flood management solutions and protect flood-prone areas across the country. This will be done through the construction of 894 flood mitigation structures, and the construction/rehabilitation of 435 existing flood mitigation facilities in major river basins and principal rivers.

Additionally, some PhP1.4 billion will be provided for the Metropolitan Manila Flood Control Program under the MMDA. This will be used for flood control projects and strategies such as drainage improvements, dredging, desilting/riprapping of esteros, creeks, and rivers, as well as the rehabilitation of pumping stations to minimize and mitigate flooding in Metropolitan Manila.

Towards a Healthy and Resilient Nation

As the country slowly recovers from the pandemic, the government has not forgotten that its protective role covers not only the people but also the environment. The Philippines' unique ecological situation has given the government the twin responsibility of conserving the abundant natural resources on the one hand, and improving the country's resiliency to the impacts of climate change and natural disasters, on the other. However, this does not mean that it is solely their responsibility to face these



responsibilities. As a nation, it is the responsibility of all to care for the environment and each other. Through this cooperation, we can triumph over any challenges that we face and leave a lasting legacy that we can be proud of for the next generations.

Endnotes:

¹ Harvard School of Public Health. (n.d.). *Coronavirus, Climate Change, and the Environment: A Conversation on COVID-19 with Dr. Aaron Bernstein, Director of Harvard Chan C-CHANGE*. Retrieved from <https://www.hsph.harvard.edu/c-change/subtopics/coronavirus-and-climate-change/>

² United Nations. (n.d.). *Climate Action*. Retrieved from <https://www.un.org/sustainabledevelopment/climate-change/>

³ COFOG

⁴ Asian Disaster Reduction Center. (n.d.). *Information on Disaster Risk Reduction of the Member Countries*. Retrieved from <https://www.adrc.asia/nationinformation.php?NationCode=608&Lang=en>

⁵ Philippine Atmospheric, Geophysical and Astronomical Services Administration. (n.d.). *About Us*. Retrieved from <http://www.pagasa.dost.gov.ph/index.php/about-us>

⁶ Philippine Institute of Volcanology and Seismology. (n.d.). *About Us*. Retrieved from <https://www.phivolcs.dost.gov.ph/index.php/about-us/about-phivolcs>

C. Maintaining Peace, Public Order, and Safety

Policies and strategies to address issues of peace, public order, and safety were the bedrock of President Rodrigo Roa Duterte's presidential campaign in 2016. Expectedly, when he won the people's mandate, these were accorded high priority in the Administration's socioeconomic development agenda, the Philippine Development Plan (PDP) 2017-2022. The PDP 2017-2022 views national security and public order as essential elements in building the foundation for inclusive growth, a high-trust resilient society, and a globally competitive knowledge economy.¹

In his first Budget Message, President Duterte promised to double, or even triple, the efforts of the government to reduce criminality in the country. Indeed, the next five years saw an intense battle to achieve a peaceful and safe community, highlighted by its banner program – the “war on drugs” – waged against illegal drugs and substances which the Administration considered the root cause of many of the crimes and problems in the country.

Hefty allocations have been provided for this purpose over the past few years – and the FY 2022 proposed National Budget continues to reflect this advocacy, which is now focused on maintaining peace, public order, and safety on the ground.

Central to this mission are the ongoing programs of the Department of the Interior and Local Government (DILG) and the Department of National Defense (DND), with proposed budgets of PhP250.4 billion and PhP222.0 billion, respectively, for 2022.

Maintaining Public Safety

Improving National Crime Situation

The DILG, in its 2020 Annual Report, reported a major improvement in the country's national crime situation as well as a significant drop in the occurrence of crimes due to the intensified police enforcement operations. This improvement is affirmed by the Gallup Global Law and Order 2020 Index, in which the Philippines ranked 12th in the overall index score ranking out of 144 countries worldwide. The study based the ranking on assessments of people's security and personal experience/s with crime and law enforcement.²

The Philippine National Police (PNP), the country's primary law enforcement agency, attributes this improvement to a strengthened Quad Concept of Operations, focused on the enhancement of intelligence, investigation, operations, and community relations efforts for crime prevention, crime solution, and community relations in the country.

As a strategy, the PNP beefed up its regular law enforcement measures through higher police visibility, preventing and responding to crimes as quickly as possible in crime-prone areas. In terms of numbers, the agency reported a total of 19,934,653 police beat/foot patrols conducted that yielded 386,046,049 patrol manhours. In addition, 13,913,638 police mobile patrols were undertaken, resulting in 178,731,394 mobile patrol manhours. A total of 7,389 seaborne patrol operations and 38,350 ports deployment (foot and mobile patrol) were conducted, equivalent to a total of 1,227,183 manhours. Meanwhile, there were 425,265 calls for police assistance received and assisted by the police, of which 424,287 were replied to within 15 minutes. The recorded average response time in the NCR is 3.97 minutes, whereas the national average response time is 5.62 minutes.³

Through these programs, the law enforcement agency has managed to reduce total crime volume while increasing crime solution and clearance efficacy rates, compared to the previous year's record as reflected in Table 1.

The country also recorded a drop of 39.5 percent, in the same period, in the incidence of index crimes which include murder, homicide, rape, and carnapping, from a total of 68,214 cases in 2019 to 41,260 for 2020 (*See Table 2*). This is attributed, among other reasons, to the imposition of community quarantines in various areas around the country.

To continue its peace and order efforts and carry them further into communities, the PNP has a proposed budget of PhP190.7 billion, smaller by 0.4 percent than its 2021 budget of PhP191.5 billion, but only due to the completion of infrastructure projects.

Bulk of the PNP's budget, some PhP172.2 billion, will fund its Crime Prevention and Suppression Program. This is around PhP6.2 billion larger than its 2021 budget of PhP166.0 billion, in order to meet its target of at least 69.3 percent of the population feeling safe, along with a 6 percent reduction in the National Index Crime Rate and a 5 percent increase in foot and mobile patrol operations.

PhP155.5 billion, or 90.3 percent, of this is allotted for the conduct of police patrol operations and other related confidential activities against dissidents, subversives, lawless elements and organized crime syndicates, and the campaign against kidnapping, trafficking of women and minors, smuggling, carnapping, gunrunning, illegal fishing, and trafficking of illegal drugs. Some PhP1.2 billion will be used for intelligence and counterintelligence activities.

Another PhP12.3 billion is provided for procurement, transport, storage, and distribution of supplies and materials, including the maintenance of equipment and facilities.

Table 1. Comparative Statistics of Crime Volume, Crime Clearance Efficacy, and Crime Solution Efficacy, 2019-2020

Particulars	2019	2020	% Change
Crime Volume	496,628	383,189	(23)
Crime Clearance Efficiency (CCE)	91.72%	95.15%	3.43
Crime Solution Efficiency (CSE)	76.37%	79.74%	3.37

Source: Department of the Interior and Local Government

Table 2. Comparative Statistics of Index Crime, 2019-2020

Eight Focus Crimes	2019	2020	% Change
Crimes Against Persons	30,690	22,123	-
Murder	6,319	5,484	(13.21)
Homicide	1,793	1,334	(25.60)
Physical Injury	12,663	7,342	(42.02)
Rape	9,915	7,963	(19.69)
Crimes Against Property	37,524	19,137	
Robbery	9,967	5,144	(49.39)
Theft	23,097	11,593	(49.81)
Carnapping of Motor Vehicles	419	273	(34.84)
Carnapping of Motorcycles	4,041	2,127	(47.36)
Total	68,214	41,260	(39.51)

Source: Department of the Interior and Local Government

Table 3. Public Order and Safety Sector Budgets, 2020-2022

(in billion Pesos)

Particulars	2020 Actual	2021 GAA	2022 NEP
Department of the Interior and Local Government	293.9	249.3	250.4
<i>Of which:</i>			
Philippine National Police (PNP)	236.0	191.5	190.7
Bureau of Fire Protection (BFP)	27.4	26.6	26.8
Bureau of Jail Management and Penology (BJMP)	18.4	19.6	21.4

Note: Figures may not add up due to rounding off

In order to increase police visibility in the streets, especially in places under quarantine, PhP372 million is provided for the construction of 53 police stations nationwide to keep lawless elements at bay.

Meanwhile, PhP349 million is provided for community awareness, public relations activities and community work and development, including disaster preparedness, community organization and mobilization, community development, and other related activities.

Continuing the Campaign Against Illegal Drugs

In 2018, President Duterte signed Executive Order No. 66, s. 2018 to institutionalize the Philippine Anti-Illegal Drugs Strategy (PADS). The Dangerous Drugs Board (DDB) described PADS as “a blueprint that prescribes how the government and all sectors should work together in cutting the supply of and demand for illegal drugs.”⁴ It follows the PDP policy that forwards sustained law enforcement

operation and rehabilitation as well as education and awareness programs to address the issue. Under PADS, the Philippines is envisioned to have achieved the target of 100 percent drug-free communities with institutionalized anti-drug policies, systems, and processes by 2022.

Meanwhile, as part of its anti-illegal drugs operations in 2020, the PNP conducted a total of 53,426 police operations, which resulted in the arrest of 75,809 drug suspects and the confiscation of around PhP14.7 billion worth of illegal drugs. The 3,044 “*tokhang*” operations resulted in the surrender of 2,732 listed drug personalities and 282 unlisted drug personalities. Two of the biggest anti-drug operations last year resulted in the confiscation of a combined weight of 1,202 kilograms of shabu worth PhP7.6 billion.⁵

The DDB, as the lead agency of the convergence program, consolidates all the budgetary requirements of the agencies and endorsed it to the DBM for evaluation and

Table 4. Select Philippine Anti-Illegal Drugs Strategy (PADS) Budgets, 2020–2022

(in billion Pesos)

Particulars	2020 Actual	2021 GAA	2022 NEP
Department of Health – Office of the Secretary (DOH-OSEC)	1.2	1.3	1.4
Philippine National Police (PNP)	0.5	0.5	0.5
Philippine Drug Enforcement Agency (PDEA)	-	0.5	0.3
Dangerous Drugs Board (DDB)	0.06	0.2	0.1

recommendation. For 2022, PADS is provided a budget of PhP2.5 billion, about 4.9 percent smaller than the 2021 allocation of PhP2.6 billion, to finance the continuing programs of various agencies against illegal drugs and substances.

For the DOH-OSEC, PhP1.4 billion will cover the operating requirements of the 22 DOH Dangerous Drug Abuse Treatment and Rehabilitation Centers in the country. As part of the reducing-the-demand strategy, this rehabilitation program aims to “provide effective mechanisms or measures to reintegrate into society individuals who have fallen victim to drug abuse or dependence through sustainable programs of treatment and rehabilitation.”⁶

Among the treatment and rehabilitation centers and their corresponding budgets for next year are the following: Bicutan Rehabilitation Center (PhP193 million), Dagupan Rehabilitation Center (PhP98 million), Isabela Rehabilitation Center (PhP62 million), Central Luzon Centers for Health Development (PhP74 million), Camarines Sur Rehabilitation Center (PhP74 million), Argao Cebu Rehabilitation Center (PhP85 million), Dulag Leyte Rehabilitation Center (PhP73 million), and Cagayan de Oro Rehabilitation Center (PhP77 million).

Some PhP546 million will be provided to the PNP for its community-based recovery and wellness program, anti-illegal drugs campaigns, and high-value target operations, among others. The Philippine Drug Enforcement Agency and the DDB will also receive PhP286 million and PhP116 million, respectively, to conduct the Barangay Drug Clearing

Program and preparatory activities for the FY 2023 National Household Survey on the Patterns and Trends of Drug Abuse.

Protecting Communities from Destructive Fires and Other Emergencies

The Bureau of Fire Protection (BFP) continues to perform its mandate of ensuring public safety through the prevention and suppression of all destructive fires, and provide emergency rescue services during calamities amidst the ongoing pandemic.

In 2020, the BFP recorded a total of 13,579 fire incidents nationwide, of which 90 incidents involved arson. Estimated damages totaled PhP3.8 billion, rendering 53 firefighters and 668 civilians injured and 253 dead.⁷ (See Table 5)

For 2022, the BFP is provided PhP26.8 billion, an increase by 5.1 percent from its PhP25.5 billion budget in 2021. Of this total, the bulk of the budget or PhP21.7 billion will go to Fire and Emergency Management Program for fire operations (PhP21.6 billion) and investigation activities (PhP26 million). Under this Program, the BFP targets 85 percent of cases resolved with cause and origin determined within the prescribed time.

Meanwhile, the Fire Prevention Management Program is allotted PhP328 million for 2022, of which PhP189 million will be used to enforce fire safety, laws, rules, and regulation, among others. Some PhP140 million will be used for information, education, and communication activities. The BFP likewise targets to inspect 100 percent of registered business establishments next year.

Table 5. Fire Statistics, 2019–2020

Particulars	2019	2020
Reported Fire	14,018	13,579
Accidental	13,149	13,010
Natural	130	30
Incendiary	226	300
Undetermined	88	131
Fire Cases w/ Negligent Acts	425	108

Source: Department of the Interior and Local Government

In addition, the government will provide PhP1.0 billion for the modernization of the BFP, which covers the acquisition and improvement of facilities, purchase of fire engines and emergency and rescue equipment, among others, which are sourced from collections, pursuant to Republic Act (RA) No. 9514 or the Fire Code of the Philippines.

Achieving Safe and Humane Management of Prison Facilities

The Bureau of Jail Management and Penology (BJMP) is mandated to direct, supervise, and control the administration and operation of all district, city, and municipal jails nationwide, and tasked with the safekeeping and development of persons deprived of liberty (PDL) under its custody.⁸

The COVID-19 pandemic made these tasks even more challenging, particularly in view of the high level of congestion in jail and prison facilities in the Philippines, making it difficult if not impossible to observe the required health protocols. In 2020, the BJMP exceeded the ideal jail capacity nationwide by 403 percent, with the CALABARZON region experiencing the highest congestion rate at 619 percent. In response to this situation, the Administration has consistently sought to decongest the country's penal facilities through various programs.

In 2020, such measures as the suspension of commitment due to the pandemic, speedy disposition of drug cases, the application of RA No. 10592 or the Good Conduct Time Allowance Law, and continuous paralegal interventions resulted in a significant decrease in the number of PDLs (15,331 or 11.7 percent) and eased the congestion in the 470 facilities nationwide to 403 percent, from 42 percent in 2019.⁹

The BJMP's proposed budget in 2022 is PhP21.4 billion, higher by 9.2 percent than its 2021 budget of PhP19.6 billion, to address problems in jail and prison facilities. Its core program, the Inmate's Safekeeping and Development Program, is allotted PhP18.1 billion for the custody, safekeeping, and rehabilitation of 182,556 inmates awaiting investigation, trial, and/or transfer to the national penitentiary. It also targets to improve safekeeping efficiency and provide welfare and development services by 99.98 and 80 percent of actual number of inmates, respectively.

Among the other major projects of the BJMP are the Unified Digital Communication and Dispatch System (PhP51 million), Single Carpeta Project System Rollout (PhP41 million), and Jail Integrated Command and Control Center (PhP49 million).

Pursuing a Just and Sustainable Peace

The latter years of the Duterte Administration saw an intensified campaign against terrorists and rebel groups in the country as it sought to end the decades-long conflict and finally bring inclusive and sustainable peace to communities, particularly in the countryside. The consequences of these conflicts have been painful and far-reaching, affecting

not just the parties directly involved, but civilians who pay a steep price in terms of lives lost, families separated, properties destroyed, and businesses closed.

In 2018, President Rodrigo Roa Duterte signed Executive Order (EO) No. 70 s. 2018 forwarding a whole-of-nation approach in addressing the root causes of insurgencies and similar conflicts and threats. It also called for the prioritization and harmonization of basic services and social development packages, among other things, to achieve the peace agenda. The EO created the National Task Force to End Local Communist Armed Conflict (NTF-ELCAC) which is composed of 12 clusters, enjoining all government agencies from the national down to barangay level, as well as the private sector to be part of the campaign.¹⁰ Local task forces have been created as well, to integrate and coordinate national efforts at the local level.

Since its establishment in 2018, the NTF-ELCAC reported that 1,715 LGUs in the country have supported the government's campaign to denounce the Communist Terrorist Groups (CTGs), among which 1,436 LGUs have declared CTGs as *persona non grata* in their communities. The National Democratic Front (NDF) has been tagged as a terrorist group under the Anti-Terrorist Council. Since its creation, the Task Force has successfully dismantled 16 Guerilla Fronts and 6 Regional Guerilla Fronts, and filed International Humanitarian Law violations against the Communist Party of the Philippines-New People's Army-National Democratic Front (CPP-NPA-NDF).¹¹

However, the group also recognizes that lasting resolution of armed conflicts requires more than counterterrorism activities like military operations. The counter-insurgency strategies should also include the implementation of social development programs that will have a positive impact on the life of the community and enable insurgents and rebels to regain control of their lives and start over.

Given this, the NTF-ELCAC has been aggressive in providing LGUs with services and programs that are tailored to meet their specific needs. In 2020, the Task Force implemented the Retooled Community Support Program in 1,394 target barangays (822 conflict-affected and 572 CSP-cleared) to identify issues in the communities which can be addressed through and by government programs and projects.¹² Roads and bridges have been constructed as part of the infrastructure program. Indigenous peoples (IPs) have received land titles. Schools have been constructed and housing projects completed. And livelihood and skills training have been made available and accessible to them.

For 2022, the NTF-ELCAC has a proposed budget of PhP30.5 billion, 58.0 percent bigger than the 2021 budget of PhP19.3 billion. The bulk of this or PhP28.1 billion will go to the implementation of the Support to the *Barangay* Development Program to fund various infrastructure projects and provide assistance to indigent individuals or families in 1,406 cleared *barangays* certified by the NTF-ELCAC. (See Table 8)

Table 6. LGUs with Organized Local Task Forces (LTF) on ELCAC

Particulars	Target	Actual
Regional Task Forces (RTFs)	16	16
Provincial task Forces (PTFs)	82	82
City/Municipal Task Forces (C/MTFs)	1,516	1,405
Barangay Task Forces	-	26,004

Source: Department of the Interior and Local Government

Each cleared barangay shall be allocated an amount not exceeding PhP20 million, to be used for the following projects: (1) farm-to-market roads; (2) school buildings; (3) water and sanitation system; (4) health stations; (5) electrification; (6) agricultural, livelihood, and technical vocational trainings/projects; and (7) assistance to indigent individual or families.

Of the PhP1.2 billion proposed budget for the DILG, PhP1.1 billion will be given to the PNP for its activities in cooperation with the Armed Forces of the Philippines that address the root causes of insurgency, internal disturbances and tensions, and other armed conflicts and threats. For DAR, the amount of PhP480 million will be provided for land distribution, capacity enhancement, and credit and micro-finance services, including agrarian legal assistance and adjudication of agrarian reform cases, to the agrarian reform beneficiaries. Finally, the DSWD-Office of the Secretary will be allotted PhP261 million for its Livelihood Assistance Grants under the Sustainable Livelihood Program, which is expected to benefit an estimated 4,303 former rebels/11,430 households in conflict, vulnerable, and affected areas.

Continuing Support for the Bangsamoro

The government continues its support to the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) to achieve its vision of a united, enlightened, self-governing, peaceful, just, morally upright, and progressive Bangsamoro,¹³ three years since the enactment of the historic Republic Act No. 11054 or the Organic Law for the Bangsamoro.

For 2022, the BARMM is allotted PhP74.8 billion, 6.9 percent less than the 2021 budget of PhP80.3 billion, to provide financial support to the Bangsamoro government in the form of: (1) PhP67.0 billion for the annual block grant in line with the provision of the law to dedicate a fund for the exercise of the power and functions of the Bangsamoro government; (2) PhP5.0 billion for the Special Development Fund for the rebuilding, rehabilitation, and development of conflict-affected communities in the BARMM; and (3) PhP2.8 billion for the share in taxes, fees, and charges collected in the Bangsamoro Autonomous Region.

Defending National Territory

The Philippines' ranking in the 2021 Global Peace Index has improved by 11 notches, jumping to 127th place from 138th in 2020. However, the country remains to be among the least peaceful countries in the world in terms of societal safety and security, domestic and international conflict, and degree of militarization.¹⁴

To further improve and address this issue, the DND fortifies the country's defenses, ensuring that the people genuinely feel safe and secure from both internal and external threats to the country's territorial integrity and sovereignty.

As highlighted in the PDP 2017-2022, the Duterte Administration will continue the enhancement of the diplomatic and defense capabilities of the country. This will be achieved through the promotion of a rules-based regime in the Region, at the same time maintaining a credible

Table 7. Number of Former Rebels (FRs) Provided with Benefits and Assistance, 2018-2020

Particulars	CY 2018		CY 2019		CY 2020	
	No. of FRs	Total Amount	No. of FRs	Total Amount	No. of FRs	Total Amount
No. of FRs	2,180	-	1,246	-	1,831	-
New People's Army	1,532	-	729	-	1,008	-
<i>Militia ng Bayan</i>	648	-	517	-	823	-
Immediate Assistance	1,052	15,780,000.00	2,112	31,680,000.00	1,805	27,075,000.00
Livelihood Assistance	890	44,500,000.00	1,149	57,450,000.00	1,008	50,400,000.00
Reintegration ^{a/}	891	18,711,000.00	1,781	37,401,000.00	1,473	30,933,000.00
Firearms Remuneration	195	14,560,488.00	501	29,572,104.50	509	35,683,996.40
Total		PhP93,551,488.00		PhP156,103,104.50		PhP144,091,996.40

Source: Department of the Interior and Local Government

^{a/}Reintegration assistance provided as support to receiving units of the FRs to defray subsistence costs of the FR while in custody. These include meals and other incidental expenses such as securing of birth certificate, identification card, and mobility expenses.

Table 8. National Task Force to End Local Communist Armed Conflict (NTF-ELCAC) Budget, 2020-2022
(in billion Pesos)

Particulars	2020 Actual	2021 GAA	2022 Proposed
NTF-ELCAC	1.0	19.3	30.5
<i>Of which:</i>			
Support to the Barangay Development Program (LGSF)	-	16.4	28.1
Department of the Interior and Local Government (DILG)	0.3	1.2	1.2
Department of Agrarian Reform (DAR)	0.3	0.5	0.5
Department of Social Welfare and Development (DSWD)	0.1	0.4	0.4

Note: Figures may not add up due to rounding off

defense through the modernization of the Armed Forces of the Philippines (AFP) and the Philippine Coast Guard.

In 2020, the DND conducted 186 air patrols and 575 sea patrols in the West Philippine Sea and the Sulu-Celebes Seas, utilizing 37 air and 12 surface assets. The AFP deployed 24 detachments in border islands to enhance visible presence and established 30 littoral monitoring stations and detachment for vessel monitoring. The Philippine Navy likewise participated in six training exercises.¹⁵

To improve the defense capabilities of the country, a budget of PhP224.4 billion has been allocated for the defense sector. Of this total, the DND will be supported with a total budgetary outlay of PhP222.0 billion. The PhP16.2 billion, or 7.9 percent, increase in the fund of DND is mostly attributed to the Revised AFP Modernization Program (PhP35.0 billion), recruitment of additional 880 troops, and other adjustments in PS requirements.

As of end-2020, the AFP Modernization Program has completed 30 projects under Horizon 1 and five (5) more under Horizon 2, increasing its airlift and maritime capabilities. Shown in Table 9 are modernization and non-modernization projects of the DND in 2020.

The Philippine Army (PA) accounts for the bulk of the budget at PhP102.9 billion, while the Philippine Navy (PN) and the Philippine Air Force (PAF) account for PhP32.3 billion and PhP32.7 billion, respectively.

For 2022, the AFP has set various targets for the three (3) major services. Under the Land Forces Defense Program, the

Philippine Army targets to maintain 240 tactical battalions and 86 ready reserve battalions with 85 percent and 68 percent operational readiness, respectively. For the Air Forces Defense Program, the Philippine Air Force targets to maintain 173 supportable aircraft and accomplish at least 90 percent of (1) one hour response to flight directed mission and complete 100 percent of its flying hours to help deploy troops and provide reinforcement, particularly for military operations and disaster relief missions. Lastly, under its Naval Forces Defense Program, the Philippine Navy targets to sustain 109 navy units for utilization and 137 for level support services units. The Navy also targets 34 units prepared for deployment.

Meanwhile, complementing the DND in guarding the seas is the Philippine Coast Guard of the Department of Transportation for its Maritime Search and Rescue Program (PhP1.8 billion), Maritime Security and Law Enforcement Program (PhP3.7 billion), and Maritime Safety Program (PhP1.4 billion).

For 2022, the Coast Guard targets to conduct at least 654 search and rescue operations, patrol/monitor 521,106 km of Philippine coast, and conduct 1,048,112 Vessel Safety Enforcement Inspection and Pre-Departure Inspection.

Building a Safe and Peaceful Country for Everyone

The Philippines has had its fair share of ups and downs in its efforts to create safe and secure communities where Filipinos can live comfortably and peacefully. The PNP and the DND, with support from other agencies, organizations, and instrumentalities, waged a vigorous campaign against illegal drugs, communist terrorist groups, and confronted

Table 9. Department of National Defense's Agencies and their Budgets, 2020-2022
(in billion Pesos)

Particulars	2020 Actual	2021 GAA	2022 Proposed
Department of National Defense	260.1	205.8	222.0
<i>Of which:</i>			
Philippine Army	97.3	97.7	102.9
Philippine Air Force	26.1	30.2	32.3
Philippine Navy	28.6	31.6	32.7

Note: Figures may not add up due to rounding off

Table 10. AFP Projects per Major Service, 2020

Particulars	Completed/Delivered	Partially Delivered
Philippine Army	Mortar, All-Terrain Vehicle, Body Armor	-
Philippine Air Force	C2 Fixed Wing Aircraft, Close Air Support Aircraft Unmanned Aerial Systems, Air Defense Surveillance Radar	Combat Utility Helicopter
Philippine Navy	-	Fast Boats
General Headquarters	Beaching Ramp in Pag-Asa Island	Various C4ISTAR projects

other problems, armed or unarmed, in recent years by focusing on the root causes of insurgencies such as social injustices and lack of social and development programs.

The proposed 2022 National Budget concludes the Duterte Administration's term, which pursued the enhancement of law enforcers' capability to combat terrorism and criminality; ensured law enforcement and military operations' adherence to the laws of the land; and made public safety organizations more responsive, professional, and competent. With the gains achieved under its leadership, building a safe and peaceful country for everyone becomes a possibility, as the country continues to move forward.

Endnotes:

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V. PUBLIC EXPENDITURE MANAGEMENT REFORMS

The year 2022 is critical for the Philippines – as indeed any election year is – as it marks the traditional transition between two leaderships and two administrations. On top of this, two activities, in which the Department of Budget and Management (DBM) takes the lead, are also taking place within the next fiscal year – the start of the implementation of the landmark Supreme Court (SC) Ruling on the Mandanas-Garcia cases, and the release of the results of the 2021 Open Budget Survey.

A. Empowering Local Governance through Meaningful Devolution

The DBM is at the helm of the implementation of Executive Order (EO) No. 138, s. 2021 and its Implementing Rules and Regulations (IRR) in 2022, which supports the implementation of the aforesaid SC Ruling. The EO directs the full devolution of certain functions of the Executive Branch to the local government units (LGUs), thereby providing a unique opportunity for the National Government (NG) to further empower LGUs through strengthened fiscal autonomy that would lead to improved public service.

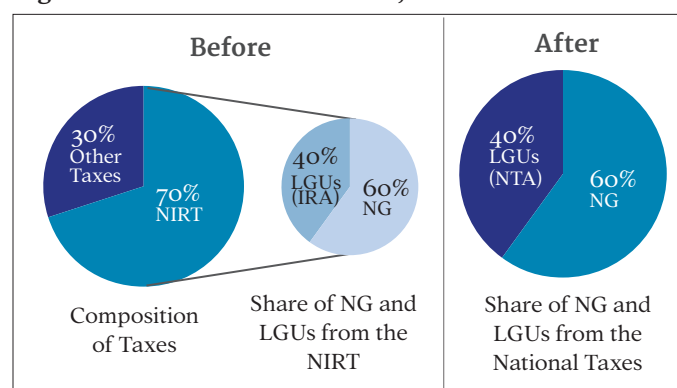
The Mandanas-Garcia Cases: An Overview

The further devolution policy next year emanates from two petitions filed before the SC of the Philippines by former Batangas Congressman and now Governor Hermilando I. Mandanas and other local officials in January 2012, and former Bataan Governor and Congressman Enrique T. Garcia, Jr. in August 2013, which were consolidated into one case in 2013.

Both petitions challenged the manner in which the NG computed the Internal Revenue Allotment (IRA) shares of LGUs. In particular, the petitioners pleaded with the SC to mandate the NG to compute the IRA based on the just shares of the LGUs based on all national taxes, encompassing national internal revenue taxes (NIRT) and customs duties.

Section 6, Article X, General Provisions of the 1987 Philippine Constitution provides that LGUs are guaranteed a just share, as determined by law, in the national taxes. Section 284 of the Local Government Code (LGC) of 1991 (Republic Act [RA] No. 7160) sets this share at 40 percent of the NIRT.

Figure 1. Indicative NTA of LGUs, FY 2022



The SC Ruling on the Mandanas-Garcia cases became final and executory in FY 2019. The SC declared the phrase “internal revenue” unconstitutional and ruled that the “just share” should be based on all national taxes, and not just on the NIRT. This means the LGUs are entitled to a bigger share in the national taxes, which is now called National Tax Allotment (NTA) starting FY 2022.

The Fiscal Impact of the SC Ruling: The Numbers

Based on the certifications issued by the Bureau of Internal Revenue (BIR), the Bureau of Customs (BOC), and the Bureau of the Treasury (BTr) on the actual collections of national taxes in FY 2019, the FY 2022 NTA shares of LGUs is about PhP959.0 billion per Local Budget Memorandum 82-A, some PhP185.2 billion more than the projected PhP773.9 billion allotment for the LGUs without the Ruling. Shown in Table 1 is the allocation of the FY 2022 NTA to various levels of LGUs.

Table 1. NTA of LGUs, FY 2022

Particulars	Projected Amount in 2022
Before SC Decision	PhP773.9 billion
After SC Decision	PhP959.0 billion
Impact	PhP185.2 billion

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

Compared to this year's IRA share of PhP695.5 billion, the indicative FY 2022 NTA level is PhP263.6 billion or 37.9 percent higher. This level of growth is significantly bigger when compared to the 10 percent average annual growth of the IRA since 2017. This will enable LGUs to assume functions which have been already devolved to them under the LGC and other subsequent pertinent laws. These include, but not limited to: (1) agricultural extension; (2) environmental management; (3) primary health services; (4) local public works; and (5) social welfare.

The DBM at the Helm: The Committees

To oversee the implementation of the policy shift, a Committee on Devolution (ComDev) was created under Section 6 of EO No. 138 which is composed of the DBM as Chair and the Department of the Interior and Local Government (DILG) as Co-Chair. The ComDev shall oversee and monitor the implementation of administrative and fiscal decentralization goals of the EO No. 138 and RA No. 7160; adopt mechanisms to ensure continuous delivery of public services by the national government agencies (NGAs) concerned and the LGUs during the transition period to

Table 2. NTA Allocation to various levels of LGUs, 2022

LGUs	No. of LGUs (as of FY 2020)	% Allocation	Total FY 2022 NTA Shares (PhP)
Provinces	82 ^{a/}	23%	220,579,487,500
Cities	146	23%	220,579,487,500
Municipalities	1,488	34%	326,074,025,000
Barangays	41,933	20%	191,808,250,000
Total	43,649	100%	959,041,250,000

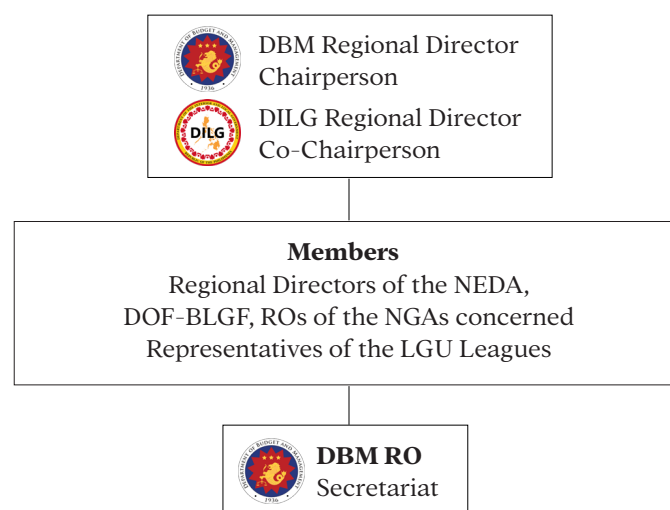
^{a/}There are only 81 provinces in the country, but the Metro Manila Development Authority is treated as a province in the allocation of IRA per RA No. 7924.

Figure 2. Structure of the Committee on Devolution

full devolution; and ensure convergence of all government efforts on the devolution program, among other functions.

A counterpart of the ComDev at the regional level was also created pursuant to Section 9, Rule IV of the IRR of EO No. 138 which shall perform critical functions, such as the cascading of policies and guidelines of the ComDev to the regional and field offices of the NGAs concerned and the LGUs. The Regional Sub-Committees of the ComDev (Regional ComDevs) shall be constituted as a special committee under the Regional Development Council to maximize the link and complementation of the efforts and activities in their respective regions. Similarly, the Regional ComDevs are chaired by the regional directors (RDs) of the DBM, with the RDs of the DILG as co-chairs.

Meanwhile, since among the functions of the ComDev is to develop a strong communications plan to ensure alignment, synergy, and co-ownership of campaign activities among the NGAs, a Sub-Committee has also been created for this purpose pursuant to Section 34 of the IRR. The Sub-

Figure 3. Structure of the Regional Sub-Committee of the ComDev

Committee on Communications Strategy, which the DBM likewise chairs, has approved the *Angat Lokal* Communications Plan, which aims to build awareness among, increase engagements of, and provide consistent messaging across all target stakeholders such as civil society organizations (CSOs), media, and the general public.

The Development Transition Plan: A Guide

Central to the full devolution of basic services, functions, and facilities next year is the preparation of Devolution Transition Plans (DTPs) by the NGAs and the LGUs to ensure the smooth implementation of the full devolution activities in 2022.

For the NGAs, a Department/Agency Devolution Transition Committee (DTC) has been formed and tasked in the preparation of the DTPs, which will identify the functions and services to be further devolved to the LGUs, as well as the strategy for and phasing of their devolution. The DTPs shall also contain the definition of standards for the delivery of devolved services; strategy for the capacity development of the LGUs; framework for monitoring and performance assessment of the LGUs; and an organizational effectiveness proposal to strengthen the department/agency in assuming “steering function” as part of the devolution efforts, among others.

On the other hand, the preparation of the LGU DTPs shall be spearheaded by the local chief executive under the LGU DTC and in close coordination with NGAs concerned. The Local *Sanggunian* (*Barangay/Bayan/Panlungsod/Panlalawigan*) responsible for the review and approval of the LGU DTP through a Sanggunian Resolution. The LGU DTP should include a narrative report containing the state of devolved functions, services, and facilities; capacity development agenda; proposed changes to organizational structure and staffing pattern; and local revenue forecast and resource mobilization strategy, and performance targets for devolved functions and services.

To provide further guidance to the LGUs and the NGAs concerned in the preparation of their respective DTPs, the DBM and the DILG issued Joint Memorandum Circular (JMC) Nos. 2021-1 and 2021-2 dated August 11, 2021 and August 12, 2021, respectively.

The DTP of NGAs concerned shall be submitted to the DBM for evaluation and approval within 120 calendar days after the effectivity of EO No. 138, which falls on September 30, 2021. For the LGUs, the timeline of submission of the LGU DTPs shall be in phases, as shown in Table 3.

The Devolved Functions and Services: The Policy

The programs, projects, and activities (PPAs) that will be scaled down or phased out by the NGAs concerned are those which involve functions and services which have already been previously devolved to the local governments pursuant to Section 17 of the LGC and other pertinent laws. The final list of PPAs that will be scaled down by the NGAs shall be based on the approved DTP submissions of agencies concerned. As such, there will be no new and/or additional functions that the LGUs are encouraged to assume beginning next year.

The increase in the NTA shares of LGUs effectively translates into reduction of fiscal resources for the NG. For fiscal sustainability, the devolved functions must be fully and permanently be turned over by the NGAs to the LGUs. This will allow the NGAs to gradually assume more strategic and steering functions to strengthen their oversight roles. Thus, the NGAs will gradually discontinue financing PPAs that fall within the purview of the expenditure assignments of the LGUs under the LGC and other pertinent laws, but which are still lodged under different NGA budgets.

The phasing out/scaling down of PPAs is being resorted to in order to sustain a manageable public sector deficit, increase the fiscal space left to the NG for major national programs and projects, and to empower and provide flexibility to the LGUs in the phasing and implementation of their priority programs and projects from 2022 onwards.

The proposed phasing out/scaling down will be done in phases, within a three (3)-year transition period, as provided under EO No. 138. Specifically, as provided under DBM-DILG Joint Memorandum Circular (JMC) No. 2021-2 and as suggested in National Budget Memorandum (NBM) No. 138, the NGAs may first phase out/scale down the implementation of local projects in the richest and most capable LGUs (i.e., 1st to 4th class LGUs) and provide technical assistance to these LGUs when requested. This will enable the NGAs to focus their financial and technical assistance on the least financially able LGUs (i.e., 5th and 6th class LGUs), particularly those with the highest poverty incidences and which have multiple geographically isolated and disadvantaged areas.

The Growth Equity Fund: The Equalizer

The capacity of the LGUs to absorb and implement programs and projects of the NGAs, should they opt to, is largely affected by their financial resources. The NG recognizes this reality, and to address it, along with issues on marginalization, unequal development, and high poverty incidence, the Growth Equity Fund (GEF) was conceptualized. For FY 2022, a proposed budget of PhP10.0 billion is lodged under Special Provision No. 3 of the Local Government Support Fund-GEF in the FY 2022 National Expenditure Program.

The GEF will be made available to the LGUs that are financially incapable of allocating funds and are technically weak in the implementation of devolved services to top up their NTA. The identification of eligible beneficiaries and the allocation of funds for GEF shall be determined based on the following prioritization criteria: (1) Poverty Incidence, and (2) Per Capita NTA.

The financial assistance, which is equitable, time-bound, and performance-based, will cover the funding requirements for the identified PPAs in the respective DTP of beneficiary LGUs

To prepare the LGUs in the long run, they will also be capacitated on local planning, investment programming,

Table 3. Timeline of Submission of LGU DTPs

LGU	Deadline of Submission
Provinces, Highly Urbanized Cities, and Independent Component Cities	December 12, 2021 (120 days after the issuance of DBM-DILG JMC No. 2021-1)
Cities and Municipalities	November 12, 2021 (90 days after the issuance of DBM-DILG JMC No. 2021-1)
<i>Barangays</i>	October 13, 2021 (60 days after the issuance of DBM-DILG JMC No. 2021-1)

budgeting, revenue generation, and fiscal management, to strengthen their ability to fund these programs on their own in the future.

Year 2022 and Beyond: The Goal

The SC Ruling on the Mandanas-Garcia cases is another milestone in the continuing journey towards genuine local autonomy and empowerment, paving the way for systematic alignment, harmonization, and complementation of the NG and LGU priorities that will result in meaningful and better public services.

Indeed, this is another opportunity for the country to continue the work it began three decades ago with the enactment of the LGC.

B. Championing Fiscal Openness and Accountability

The International Budget Partnership (IBP), an independent body which collaborates with civil society for budget analysis and advocacy, believes that “governments are the stewards, not the owners, of public funds.” As such, governments must strive to be transparent, especially with regard to how they spend public money on public needs.

Integral to the attainment of openness in the government are political will and leadership, which former Undersecretary Laura B. Pascua underscored. “It is only when you become more confident about your decision, and secondly, when the leadership, pushes that it (information) really gets out.”

The DBM has been cultivating a culture of transparency for years, not only within the agency, but throughout the entire bureaucracy, which was further strengthened during the Duterte Administration. This has been affirmed by two

international surveys on transparency and accountability, in which the Philippines, particularly the DBM, emerged among the world’s best.

Open Budget Survey 2019:

The Philippines as a Global Leader

The latest iteration of the Open Budget Survey in 2019 solidified the position of the Philippines as a global leader in open government, after it ranked 1st in Southeast Asia and 10th in the world on budget transparency, based on the report released by the IBP last April 29, 2020.

The country’s Open Budget Index (OBI) score improved by nine points to 76 (out of 100) from 67 in 2017, surpassing the 2019 OBI target score of 67 and the 2021 target score of 71 under the Philippine Development Plan 2017-2022. A transparency score of 61 and above indicates “sufficient” publication of materials/budget information to support informed public debate on the budget.

Said score is also significantly higher than the global average score of 45, as well as other Southeast Asian countries such as Indonesia (70), Thailand (61), Malaysia (47), Timor-Leste (40), and Vietnam (38). It also bested other Asian countries like Japan (62) and South Korea (62). In terms of global ranking, for the first time, the Philippines broke into the top 10 out of 117 countries surveyed by the IBP worldwide, a wide jump from its 19th place in the previous OBS.

For the 2019 round, the Philippines managed to produce all eight budget documents on time, according to the survey, a feat achieved only twice since the start of the OBS. Of these documents, the Pre-Budget Statement got the highest score for comprehensiveness with 95 (out of 100), closely followed by the Citizens’ Budget with 92, and In-Year Reports with 85.

Table 6. PH’s OBI Score, 2010-2019

Year	2010	2012	2015	2017	2019
Score	55	48	64	67	76

Source: International Budget Partnership

Table 7. PH’s Public Availability of Budget Documents, 2010-2019

Particulars	2010	2012	2015	2017	2019
Pre-Budget Statement					
Executive’s Budget Proposal					
Enacted Budget					
Citizen’s Budget					
In-Year Reports					
Mid-Year Review					
Year-End Report					
Audit Report					

■ Late, or Not Published Online, or Produced for Internal Use Only ■ Not Produced ■ Available to the Public

Source: International Budget Partnership

Of the 145 items in the OBS questionnaire, 109 cover public availability of budget information, while budget participation and budget oversight have 18 questions each. Another 83 questions are included in the survey to collect background data on budget documents and the PFM system of a country, although these have no impact on the computation of the scores.

Moving forward, aside from ensuring the timely and comprehensive release of these documents, the DBM is looking into the idea of establishing an Inter-Agency Task Force on Fiscal Openness for proper coordination of transparency activities and reforms of various agencies in the government.

COVID-19 Budgets: Philippines Tops Accountability Survey³

According to the IBP, countries around the world have already mobilized \$14 trillion for their COVID-19 pandemic responses by the end of 2020. As such, the IBP conducted a global rapid assessment survey to look into how countries managed their fiscal policy responses during the global health crisis and their adherence to the principles of transparency and accountability, which the IBP advocates.

Out of 120 countries surveyed, the Philippines, along with three (3) other countries, topped the COVID-19 Global Scorecard after demonstrating an adequate level of accountability in its early COVID-19 fiscal policy responses from March to September 2020. The survey, which used a set of 26 new indicators developed by international bodies,

sought responses from both central governments and civil society groups.

In particular, the Philippines was assessed on the basis of its transparency measures, extent of public engagement, and oversight powers over its fiscal measures, as implemented under Republic Act No. 11469 or the *Bayanihan* to Heal as One Act. The measures evaluated include direct fiscal support, tax relief measures, as well as credit and liquidity support.

The IBP further noted that the survey also aims to generate lessons and feature best practices rather than just assess how governments performed. As such, several of the government's policies were featured, including the publication and submission of weekly reports to Congress and the conduct of public consultations on COVID-19 response policies and programs through the “*Dagyaw* 2020: Open Government Virtual Town Hall Meetings.”

PH-Open Government Partnership: Fiscal Transparency Webinar Series

Meanwhile, another initiative of the government to promote transparency and accountability by providing a venue for open dialogue and information dissemination is the Philippine-Open Government Partnership (PH-OGP), in which the DBM currently sits as Secretariat.

For 2021, the PH-OGP launched a Fiscal Transparency Webinar Series on the Mandanas-Garcia Supreme Court (SC) Ruling, which discussed, among others, the implications of the full devolution of the provision of some goods

Table 8. Levels of Accountability in early COVID Fiscal Policy Responses

Level of Accountability	No. of Countries (out of 120)	Countries
Substantive	0	-
Adequate	4	Australia, Norway, Peru, Philippines
Some	29	Bangladesh, Brazil, Bulgaria, Canada, Chile, Colombia, Costa Rica, Croatia, Fiji, France, Germany, Indonesia, Italy, Jamaica, Japan, Kyrgyz Republic, Mongolia, New Zealand, Nigeria, Paraguay, Poland, Portugal, Sierra Leone, Slovakia, Slovenia, South Africa, Sweden, United Kingdom, United States
Limited	55	Afghanistan, Angola, Argentina, Armenia, Azerbaijan, Bolivia, Bosnia and Herzegovina, Botswana, Cameroon, China, Côte d'Ivoire, Czech Republic, Dominican Republic, Ecuador, El Salvador, Georgia, Ghana, Guatemala, Honduras, Jordan, Kazakhstan, Kenya, Lesotho, Liberia, Macedonia, Madagascar, Malaysia, Mali, Mexico, Moldova, Mozambique, Namibia, Nepal, Nicaragua, Niger, Pakistan, Papua New Guinea, Romania, Russia, Rwanda, Senegal, Serbia, Somalia, South Korea, Spain, Sri Lanka, São Tomé e Príncipe, Thailand, Timor-Leste, Togo, Trinidad and Tobago, Uganda, Ukraine, Vietnam, Zambia
Minimal	32	Albania, Algeria, Benin, Burkina Faso, Burundi, Cambodia, Chad, Comoros, Dem. Rep. of Congo, Egypt, Equatorial Guinea, Eswatini, Ethiopia, Hungary, India, Iraq, Lebanon, Malawi, Morocco, Myanmar, Qatar, Saudi Arabia, South Sudan, Sudan, Tajikistan, Tanzania, The Gambia, Tunisia, Turkey, Venezuela, Yemen, Zimbabwe

Source: International Budget Partnership

and services from national government agencies to local government units. The webinar series aimed to deepen the participants' understanding of the SC ruling and citizen engagement in the context of greater decentralized public service delivery.

Together with the Department of the Interior and Local Government (DILG), the PH-OGP through the DBM and CODE-NGO, held its first webinar episode of the Series - *IRA Noon at Ngayon: Alamin ang Magbabago!* on May 20, 2021 during the 2021 Open Government Week last celebrated last May 17-21, 2021. The webinar features four sessions designed to introduce the SC ruling to the non-government sector, which included the civil society organizations (CSOs), the academe, business groups, people's organizations, and other interested groups.

Meanwhile, the second of the Series - *Alamin ang Magbabago: Debolusyon at Transisyon sa Ilalim ng Mandanas SC Ruling*, was held last August 20, 2021. Aside from the non-government stakeholders, the webinar specifically targeted CSO members in Local Special Bodies as participants, given their involvement in the planning, budgeting, and monitoring of their respective local government's plans and budgets.

The event covered Executive Order No. 138 and its Implementing Rules and Regulations and the corresponding guidelines on the development of the national and local Devolution Transition Plans. The third episode of the webinar series entitled "*Ambag Natin: Partisipasyon ng CSOs sa Proseso at Implementasyon ng Debolusyon sa 2022*" is scheduled to be conducted on October 19, 2021.

Endnotes:

¹ International Budget Partnership. (n.d.). *About us*. Retrieved from <https://internationalbudget.org/about-us/>

² Capistrano, F. (2017, September). *The Road to Fiscal Transparency in the Philippines*. Retrieved from <https://www.internationalbudget.org/wp-content/uploads/the-road-to-budget-transparency-in-the-philippines-ibp-case-study-2017.pdf>

³ International Budget Partnership. (2021, May). *Managing COVID funds, The Accountability Gap*. Retrieved from https://internationalbudget.org/covid/wp-content/uploads/2021/05/Report_English-2.pdf

VI. CONCLUSION: SUSTAINING THE LEGACY OF REAL CHANGE FOR THE FUTURE GENERATIONS

In the six years of governance and service of the Duterte Administration, various definitions and interpretations have been attached to the idea of change.

For the Filipino people in 2016, change was the promised ideal that guided their choice of a leader at the crossroads of history. Once the choice had been made, change to them meant the start of fulfillment of a long-held aspiration, for a strongly-rooted, comfortable, and secure life. For the leader they chose, change was a vow and a commitment – that their neighborhood would be safer and more peaceful, their children would go to school, they would have jobs and homes, and they would overall experience more improved and productive lives.

There was confidence, from Day 1, that change would bring real, positive, lasting benefits for all. And that no one would be left behind.

The path was clear and the journey began, and the story of progress unfolded. Until the Coronavirus 2019 pandemic, which changed perspectives and priorities of families and governments. Safety and health of family, and personal and professional survival were of paramount importance over anything else. The Duterte Administration was swift in its response, but the pandemic was ruthless and took a heavy toll on lives, wellness, and finances.

In the second year of the pandemic, as the year 2022 draws near, there are clear signs that the country may have already weathered the worst of the crisis. And once again change is at hand – change represented by the recovery of our people's health and well-being, the revival of the economy, the resumption of the journey to our vision of a comfortable life.

Through the six years of the Duterte Administration, the philosophies and priorities behind the narrative of change have been sustained. They remain and are reflected in the Proposed National Budget for Fiscal Year 2022.

The process of change – of reform and transformation – will not end in 2022. Through the Proposed National Budget, the Administration looks to sustaining the legacy of change, this time a promise to be fulfilled for the future generations.





Department of Budget and Management

Technical Notes on the 2022 Proposed National Budget

Survey Feedback Form

Date: _____

Name (Optional): _____

Organization (Indicate position): _____

Contact Details: _____

Sector (Please encircle): a. NGA b. CSO c. LGU d. Academe e. SUC f. Media
g. International Organization h. Others (Please specify): _____

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Kindly rate (encircle) based on the following criteria:

5 - Strongly Agree | 4 - Agree | 3 - Neither Agree nor Disagree | 2 - Disagree | 1 - Strongly Disagree

Is the publication informative?

Introduction	5	4	3	2	1
Financing the National Expenditure Program					
Macroeconomic Environment	5	4	3	2	1
Fiscal Strategy	5	4	3	2	1
Dimensions of the National Expenditure Program					
By Sector (Old/Traditional Method and COFOG), By Expense Class, By Recipient Entity, By Department and Special Purpose Fund, By Appropriation Source, By Region, Intergovernmental Transfers to LGUs, Transfers to GOCCs, Earmarked Revenues, Off-Budget Accounts, and Foreign-Assisted Projects	5	4	3	2	1
Expenditure Priorities					
<i>Pagbabago: Inequality-Reducing Transformation</i> (Nurturing a More Agile Human Capital, Attaining Food Security, and Developing Competitive and Productive Industries)	5	4	3	2	1
<i>Malasakit: Enhancing the Social Fabric</i> (Ensuring Responsive, People-Centered, and Technology-empowered Governance, and Pursuing Swift and Fair Administration of Justice)	5	4	3	2	1
<i>Patuloy na Pag-unlad: Increasing Growth Potential</i> (Advancing Science, Technology, and Innovation and Reaping the Demographic Dividend)	5	4	3	2	1
<i>Fortifying the Foundations for Sustainable Development</i> (Accelerating the Strategic Infrastructure Development, Protecting Ecological Integrity and the Environment, and Maintaining Peace, Public Order, and Safety)	5	4	3	2	1
Public Expenditure Management Reforms					
Empowering Local Governance through Meaningful Devolution	5	4	3	2	1
Championing Fiscal Openness and Accountability	5	4	3	2	1
Conclusion: Sustaining the Legacy of Real Change for the Future Generations	5	4	3	2	1

Is the publication understandable?

The content is logical and well-organized.	5	4	3	2	1
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The language is simple enough for me to understand.	5	4	3	2	1
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Is the publication readable?

The font used (e.g., typeface, size) is easy to read.	5	4	3	2	1
The graphs and charts used are clear.	5	4	3	2	1
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Which portion/s within the publication do you find most useful? Less useful?

Most useful:
(Please explain)

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Thank you very much!

TECHNICAL NOTES ON THE 2022 PROPOSED NATIONAL BUDGET



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