

FY 2022 MID-YEAR REPORT

Prepared by:

FISCAL PLANNING AND REFORMS BUREAU

Department of Budget and Management

2nd floor DBM Building I

General Solano Street, San Miguel

1005 Manila, Philippines

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List of Acronyms and Abbreviations

4Ps	<i>Pantawid Pamilyang Pilipino Program</i>
ACs	Assessment Centers
ACPC	Agricultural Credit Policy Council
ADB	Asian Development Bank
AFAB	Authority of the Freeport Area of Bataan
AFP	Armed Forces of the Philippines
AIIB	Asian Infrastructure Investment Bank
ALIVE	Arabic Language and Islamic Values Education
AMP	Adjustment Measures Program
BangUN	Bangsamoro <i>Umpungan sa Nutrisyon</i>
BARMM	Bangsamoro Autonomous Region in Muslim Mindanao
<i>Bayanihan II</i>	Bayanihan to Recover as One Act – RA No. 11494
BBB	Build, Build, Build Program
BE-LCP	Basic Education – Learning Continuity Plan
BEF	Basic Education Facility
BESF	Budget of Expenditures and Sources of Financing
BFAR	Bureau of Fisheries and Aquatic Resources
BFP	Bureau of Fire Protection
BIR	Bureau of Internal Revenue
BJMP	Bureau of Jail Management and Penology
BOC	Bureau of Customs
BOP	Balance of Payments
BOT	Build-Operate-Transfer
BPO	Business Process Outsourcing
BPS	Basis Points
BSKE	Barangay and Sangguniang Kabataan Elections
BSP	<i>Bangko Sentral ng Pilipinas</i>
BTr	Bureau of the Treasury
BUR	Budget Utilization Rate
CBS	Cash Budgeting System
CDC	Community Development Centers
CHED	Commission on Higher Education

CLPEP	Child Labor Prevention and Elimination Program
CO	Capital Outlays
COMELEC	Commission on Elections
COR	Cash Operations Report
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
CREATE	Corporate Recovery and Tax Incentives for Enterprises
CSO	Civil Society Organization
CTRP	Comprehensive tax Reform Program
DA	Department of Agriculture
DBCC	Development Budget Coordination Committee
DBM	Department of Budget and Management
DCP	DepEd Computerization Program
DENR	Department of Environment and Natural Resources
DepEd	Department of Education
DICT	Department of Information and Communications Technology
DILG	Department of the Interior and Local Government
DOJ	Department of Justice
DILP	DOLE Integrated Livelihood Program
DND	Department of National Defense
DOH	Department of Health
DOLE	Department of Labor and Employment
DOST	Department of Science and Technology
DOTr	Department of Transportation
DPWH	Department of Public Works and Highways
DRRM-H	Disaster Risk Reduction Management for Health
DHSUD	Department of Human Settlements and Urban Development
DSWD	Department of Social Welfare and Development
DST	Documentary Stamp Tax
EB	Epidemiology Bureau
DTP	Devolution Transition Plan
ECC	Environment Compliance Certificates
eFPS	Electronic Filing and Payment System

eFTIS	Electronic Fund Transfer Instructions Systems
EMB	Environmental Management Bureau
EO	Executive Order
ERP	Emergency Repatriation Program
ESC	Education Service Contracting Program
ESG	Environment, Social Governance
FAPs	Foreign-Assisted Projects
FAR	Financial Accountability Report
FCA	Financial Conduct Authority
FDC	Fuel Discount Cards
FDI	Foreign Direct Investments
FIST	Financial Institutions Strategic Transfer
FLO	Flexible Learning Options
FMR	Farm-to-Market Roads
FOMC	Federal Open Market Committee
FSIC	Fire Safety Inspection Certificate
FWP	Family Welfare Program
FY	Fiscal Year
GAA	General Appropriations Act
GAAAO	GAA-as-an-Allotment Order
GAS	Government Assistance and Subsidies
GASTPE	Government Assistance to Students and Teachers in Private Education
GCTA	Good Conduct Time Allowance
GDP	Gross Domestic Product
GFI	Government Financial Institutions
GHQ	General Headquarters
GIA	Grants-in-Aid
GIP	Government Internship Program
GOCCs	Government-Owned and Controlled Corporations
GUIDE	Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery
HEAL	Health System Enhancement to Address and Limit COVID-19
HCWs	Health Care Workers

HEIs	Higher Education Institutions
HFEP	Health Facilities Enhancement Program
HRH	Human Resources for Health
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communications Technology
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
IPED	Indigenous Peoples Education
IRIS	Internal Revenue Integrated System
IRSIS	Enhanced Internal Revenue Stamps Integrated System
JDVP	Joint Delivery Voucher Program
JICA	Japan International Cooperation Agency
KC-NCDDP	<i>Kapit-Bisig Laban sa Kahirapan</i> -Comprehensive and Integrated Delivery of Social Services - National Community Driven Development Program
LEES	Labor and Employment Education Services
LAKAS	Leading the Advancement of Knowledge in Agriculture and Sciences
LGSF	Local Government Support Fund
LGU	Local Government Unit
LIBOR	London Interbank Offered Rate
LMI	Labor Market Information
LMS	Last Mile Schools Program
LTFRB	Land Transportation Franchising and Regulatory Board
LUCs	Local Universities and Colleges
MCCT	Modified Conditional Cash Transfer
MDS	Modified Disbursement Scheme
MEP	Madrasah Education Program
MGB	Mines and Geosciences Bureau
MICP	Manila International Container Port
MOOE	Maintenance and Other Operating Expenses
MRF	Material Recovery Facilities
MPAs	Marine Protected Areas
MRT	Metro Rail Transit
MSMEs	Micro, Small, and Medium, Enterprises

MTFF	Medium-Term Fiscal Framework
NAMRIA	National Mapping and Resource Information Authority
NBC	National Budget Circular
NDRRMF	National Disaster Risk Reduction and Management Fund
NEAP	National Educators' Academy of the Philippines
NEP	National Expenditure Program
NICR	National Index Crime Rate
NG	National Government
NGA	National Government Agency
NGP	National Greening Program
NGRP	National Government Rightsizing Program
NHA	National Housing Authority
NGDC	National Government Data Center
NHIP	National Health Insurance Program
NHMFC	National Home Mortgage and Finance Corporation
NHTS	National Household Targeting System
NHVCDP	National High Value Crops Development Program
NHWSS	National Health Workforce Support System
NIA	National Irrigation Administration
NIPAS	National Integrated Protected Area System
NLE	National and Local Elections
NLP	National Livestock Program
NNC	National Nutrition Council
NRCDP	Natural Resources Conservation and Development Program
NRP	National Rice Program
NSCR	North-South Commuter Railway
NTA	National Tax Allotment
NTF-ELCAC	National Task Force to End Local Communist Armed Conflict
OFWs	Overseas Filipino Workers
OMAS	Monitoring and Assessment System
OPEC	Organization of the Petroleum Exporting Countries
OSEC	Office of the Secretary
OWWA	Overseas Workers Welfare Administration

PA	Philippine Army
PAF	Philippine Air Force
PAPs	Programs, Activities, and Projects
PCARI	Philippine-California Advanced Research Institute
PCB	Program Convergence Budgeting
PCMs	Provinces, Cities, and Municipalities
PCSDS	Palawan Council for Sustainable Development Staff
PDLs	Persons Deprived of Liberties
PDP	Philippine Development Plan
PESOs	Public Employment Service Offices
PFM	Public Financial Management
PHIC	Philippine Health Insurance Corporation
PN	Philippine Navy
PNAC	Philippine National AIDS Council
PNP	Philippine National Police
POS	Point-of-Service
PPE	Personal Protective Equipment
PPP	Public-Private Partnership
PRRP	Pasig River Rehabilitation Program
PS	Personnel Services
PSA	Philippine Statistics Authority
PUV	Public Utility Vehicle
Q1	First Quarter
Q2	Second Quarter
Q3	Third Quarter
Q4	Fourth Quarter
QRF	Quick Response Fund
R&D	Research and Development
RA	Republic Act
RAFPMMP	Revised Armed Forces of the Philippines Modernization Program
RCEF	Rice Competitiveness Enhancement Fund
RESU	Regional Epidemiology and Surveillance Units
RFFA	Rice Farmers Financial Assistance

ROs	Regional Offices
RPVAR	Real Property Valuation and Assessment Reform
RRB	Ready Reserve Battalions
RTB	Retail Treasury Bonds
RT-PCR	Reverse Transcription Polymerase Chain Reaction
SAAODB	Statement of Appropriations, Allotments, Obligations, Disbursements and Balances
S1	First Semester
S&T	Science and Technology
SARO	Special Allotment Release Order
SBFP	School-based Feeding Program
SETUP	Small Enterprise Technology Upgrading Program
SFP	Supplementary Feeding Program
SHFC	Social Housing and Finance Corporation
SHS	Senior High School
SLP	Sustainable Livelihood Program
SNP	Supervised Neighborhood Play
SPED	Special Education
SPES	Special Program for Employment of Students
SSIP	Small Scale Irrigation Projects
SSL V	Salary Standardization Law V
SSS	Social Security System
StuFAPs	Student Financial Assistance Programs
SUCs	State Universities and Colleges
SY	School Year
T-bill	Treasury bill
TCT	Targeted Cash Transfer
TechVoc	Technical-Vocational
TESD	Technical Education and Skills Development
TESDA	Technical Education and Skills Development Authority
TRAIN	Tax Reform for Acceleration and Inclusion
TSS	Technical Support Services
TUPAD	<i>Tulong Panghanapbuhay sa Ating</i> Disadvantaged/Displaced Workers Program

TVET	Technical Vocational Education and Training
TVIs	Technical Vocational Institutions
TVL	Technical and Vocational-Livelihood
UAQTE	Universal Access to Quality Tertiary Education
UA	Unprogrammed Appropriations
UHC	Universal Health Care
VAT	Value Added Tax
WAIR	Weighted Average Interest Rate
WODP	Workers Organizations Development Program
Y-O-Y	Year-on-Year
ZHP	Zero Hunger Program

I. Introduction

1. **This year, FY 2022, marks an important period in the country as we adapt towards post-pandemic, pursue the full reopening of the economy, and conclude the six-year term of the Duterte Administration and transition to the Marcos, Jr. Administration.** The Philippines recorded a robust economic performance in the first semester of 2022. Despite the increase in the number of Coronavirus Disease 2019 (COVID-19)-cases in January due to the Omicron variant, the first quarter Gross Domestic Product (GDP) grew by 8.2 percent on the back of improved vaccination rates and better management of COVID-19 cases. The growth momentum was sustained in the second quarter, with 7.4 percent GDP growth, marking the five (5) consecutive quarters of positive growth since the 3.8 percent contraction in the first quarter of 2021. This resulted from the resumption of economic activities owing to the necessary shift in COVID-19-related policies. However, spillovers stemming from the ongoing Russia’s war in Ukraine, slower-than-expected global economic recovery, and tighter financial conditions drove faster increases in goods and commodity prices, particularly food and transportation, amid the continued rise in fuel and energy prices. These factors dragged the growth momentum and led to the revision of the outlook for the year. The *Fiscal Year (FY) 2022 Development Budget Coordination Committee (DBCC) Mid-Year Report* presents a comprehensive analysis of the country’s macroeconomic and fiscal performance for the first semester of 2022, including the significant challenges faced by the country with the continuing COVID-19 pandemic, and geo-political tensions. It also tackles the macro-fiscal outlook for the rest of the year, such as economic recovery prospects as well as the priorities of the new Administration.

2. **The adoption of the *Ten-Point Policy Agenda* for economic recovery helped enable the return of most economic activities to pre-pandemic levels during the first half of 2022.** The said agenda was adopted pursuant to Executive Order (EO) No. 166¹ dated March 21, 2022 to sustain economic gains, minimize long-term effects of the pandemic, and fast-track the restoration of the country’s development trajectory. This provided a paradigm shift in terms of COVID-19 response – from the previous lockdown-oriented – to reopening of the economy and living with the virus. This also mandated the relaxation of alert levels, removal of tourism travel restrictions, acceleration of the vaccination program, and expansion of public transport capacity, among others, serving as key contributors in the resumption of economic activity in the first half of 2022. Among the places which have returned or even exceeded its pre-pandemic level of visitors based on Google mobility trends as of September 22, 2022 were: i) grocery and pharmacy

¹ Entitled “Adopting the Ten-Point Policy Agenda to Accelerate and Sustain Economic Recovery from the Covid-19 Pandemic, and Directing a Whole-Of-Government Approach to Align All Economic Recovery Programs and Measures of the National Government”.

stores; ii) parks and outdoor spaces; iii) workplaces; iv) places of retail and recreation; v) public transport stations; and vi) residential places.² Furthermore, the said EO mandated the change in the metrics used in reporting COVID-19 cases to primarily take into consideration the: i) total severe or critical cases; ii) case fatality ratio; and iii) total vaccinations, to ensure that no unnecessary changes in the alert levels will be declared, as well as encourage vaccination among the population. Moreover, the *Ten-Point Policy Agenda* enjoined the government to accelerate digital transformation, provide flexible emergency measures, enable a safe return of students in face-to-face classes, and conduct a medium-term preparation to promote resiliency in cases of pandemic.

3. **Measures to cushion the impact of the ongoing pandemic and rising fuel costs to the most vulnerable sectors are being implemented by the National Government (NG) to prevent further socio-economic scarring and support the road to recovery.** Albeit less severe than in the last two years, the impact of the pandemic persists and continues to affect the lives of millions of Filipinos. The FY 2022 Budget serves as the main fiscal stimulus funding programs and projects that prioritize health, appropriate safety nets, and job and income security. Line departments, government corporations and local government units (LGUs) also continue previous year's pandemic recovery efforts with the extension of the validity of the FY 2021 General Appropriations Act (GAA) by virtue of Republic Act (RA) No. 11640. Moreover, substantial investment in public infrastructure is sustained as it is expected to drive economic growth and generate employment (*see paragraph 19 on page 10*). Meanwhile, to address the consecutive hikes in fuel prices as well as their consequent impact on the price of local goods and commodities, the government is providing assistance to the most vulnerable and other significantly affected sectors, including the agriculture and transport. A total of ₱21.7 billion has so far been released for the implementation of targeted subsidy programs, such as the: i) Targeted Cash Transfer (TCT) Program; ii) Fuel Subsidy Program; iii) Fuel Discount Program; and iv) Service Contracting Program (*see outlook discussions*).
4. **The first-year implementation of the Supreme Court (SC) Ruling on the *Mandanas-Garcia* Cases paves the way for a more empowered local government.** As higher National Tax Allotment (NTA) shares are given to the LGUs, certain functions³ will be devolved to the LGUs on a gradual basis starting this year. This would allow the National Government Agencies (NGAs) to focus on having a steering role of setting the national policy, as well as formulation and development of strategies and service delivery standards. LGUs, on the other hand, will assume the role of providing delivery of the devolved functions and services to their constituents. As part of the steering role of NGAs, interventions to improve the capacity of LGUs in the delivery of the devolved services shall be provided, to be spearheaded by the Department of Interior and Local Government – Local Government Academy (DILG-LGA). Moreover, pursuant to Executive Order

² Our World in Data. *COVID-19: Google Mobility Trends*. <https://ourworldindata.org/covid-google-mobility-trends>.

³ These certain functions are those that are lodged under different NGAs' budget but are falling within the purview of the LGUs' expenditure assignment, as prescribed under the RA No. 7160 or the Local Government Code and other existing laws.

No. 138⁴ dated June 1, 2021, capacity development interventions in the areas of fiscal administration will be provided to assist LGUs in their public financial management (PFM) practices – from local planning, investment programming, resource mobilization up to local budgeting. These will be organized by the DILG, the Department of Budget and Management (DBM), and the Department of Finance-Bureau of Local Government Finance (DOF-BLGF).

5. **While downside risks to economic growth abound, particularly from inflationary pressures due to global oil price hikes, supply disruptions, and tighter financial market conditions, alongside threats pose by natural disasters and calamities especially this typhoon season, the country can lean on its sound macroeconomic fundamentals, relatively robust economic performance, and solid fiscal position.** Inflation reached 6.1 percent in June 2022, before peaking at 6.4 percent in July and slightly easing to 6.3 percent in August.⁵ Meanwhile, the *Bangko Sentral ng Pilipinas* (BSP) has raised its policy rate by a cumulative 225 basis points (bps) as of September 22, 2022 this year to help temper inflation expectations.⁶ Although this move is feared to drag economic growth, previous years' experiences in times of crises suggest that the economy can withstand high interest rates and can still grow above 6.0 percent. Meanwhile, as earlier discussed, to help minimize the burden of price increases to the poor and vulnerable sectors, the government is implementing targeted subsidy programs under the Department of Social Welfare and Development (DSWD), Department of Agriculture (DA), and Department of Transportation (DOTr). Similarly, EO No. 171⁷ dated May 21, 2022, which temporarily reduced tariffs of corn, rice, meat of swine and coal until December 31, 2022, is presently being studied for possible extension to help stabilize supply and prices of food and agricultural commodities. In addition, the Sugar Order (SO) No. 2⁸ dated September 1, 2022 was also approved to allow the importation of refined sugar to address the needs of industrial users and consumers and ensure steady supply of sugar.

⁴ Entitled “Full Devolution of Certain Functions of the Executive Branch to Local Governments, Creation of a Committee on Devolution, and for other purposes”.

⁵ Philippine Statistics Authority (PSA) Press Release. (September 6, 2022). *Summary Inflation Report Consumer Price Index (2018=100)*.

https://psa.gov.ph/system/files/attachments/itsd/cpi/Press%20Release%20on%20CPI%20for%20All%20Income%20Households%20for%20August%202022%20%282018%3D100%29_4ef2g.pdf

⁶ Bangko Sentral ng Pilipinas. Media and Research - Press Releases. (September 22, 2022). *Monetary Board Hikes Policy Rate by 50 Basis Points*. <https://www.bsp.gov.ph/SitePages/PriceStability/MonetaryPolicyDecision.aspx>

⁷ Entitled “Temporary Modifying the Rates of Import Duty on Various Products Under Section 1611 of RA No. 10863, Otherwise Known as the “Customs Modernization and Tariff Act”.

⁸ Entitled “Sugar Import Program for Crop Year 2022-2023”. <https://www.sra.gov.ph/wp-content/uploads/2022/09/2022-2023-SO2.pdf>.

II. FY 2022 National Government Budget

a. Key Budget Principles

6. **The FY 2022 National Budget of ₱5.024 trillion reflects the government’s priority in building the country’s resilience against future shocks, while sustaining the momentum towards a strong and genuine recovery.** Anchored on the theme “*Sustaining the Legacy of Real Change for Future Generations*” the FY 2022 Budget was crafted as the government’s key instrument to mitigate the scarring effects of the pandemic by expanding the allocations for health-related and social protection programs, addressing the needs of the hard-hit sectors, and boosting infrastructure development to provide more employment opportunities for Filipinos. It was submitted to the Congress on August 23, 2021 and was signed into law under RA No. 11639 on December 30, 2021. This year’s approved National Budget is higher by 11.5 percent as compared to the ₱4.506 trillion 2021 Budget and is equivalent to 23.2 percent of GDP. The effective and efficient implementation of the said Budget is crucial in achieving the country’s growth target of 6.5 to 7.5 percent⁹ for this year, while upholding fiscal discipline and promoting long-term fiscal sustainability.
7. **Implementation-ready programs, activities, and projects (PAPs) are prioritized in the FY 2022 Budget with the continuing adoption of the Cash Budgeting System (CBS) to encourage improved fiscal planning, prudent use and management of resources, and prompt delivery of government services.** To allow agencies to improve their procedures and capacity prior to the full implementation of CBS, and also in recognition of the impact of the pandemic on agency operations, transitional arrangements were continued this year. This involved the extended implementation and payment period, specifically for infrastructure capital outlays (CO), and maintenance expenditures and other CO, beyond the fiscal year as provided under Section 68 of the General Provisions of the FY 2022 GAA, as follows:

Table 1. Transitional Implementation of the Cash Budgeting System for FY 2022

EXPENSE CLASS	OBLIGATION	IMPLEMENTATION	EXTENDED PAYMENT PERIOD
Personnel services			Until December 31, 2022
Maintenance and other operating expenses and Non-infrastructure capital outlays			Until December 31, 2023
Infrastructure capital outlays			

⁹ Revised growth assumption for FY 2022 as discussed and approved by the DBCC during its 182nd meeting on July 8, 2022. The original growth target for the year per the FY 2022 BESF was 7.0 - 9.0 percent. This was first adjusted downwards to 7.0 – 8.0 percent during the 181st DBCC meeting on May 24, 2022.

8. **The FY 2022 Budget ushers in a new era in local government empowerment as the first year of implementation of the SC Ruling on the *Mandanas-Garcia* Cases commences this year.** The FY 2022 Budget highlights the crucial role of the LGUs as partners of the NG in the implementation of development programs. A sizeable amount of ₱1,083.7¹⁰ billion was set aside for LGUs in 2022. Bulk of this allocation is the ₱959.0 billion NTA of LGUs, representing their shares from the NG's tax collections pursuant to the SC Ruling. This is ₱263.5 billion or 37.9 percent higher than the ₱695.5 billion Internal Revenue Allotment (IRA) shares of LGUs in 2021, and ₱185.2 billion or 23.9 higher percent compared to the level or estimates without the *Mandanas-Garcia* decision. In addition, some ₱18.0 billion was appropriated for the Local Government Support Fund (LGSF) intended for local infrastructure projects and development programs.
9. **Fiscal openness – which encompasses transparency, accountability, and public participation will continue to be a solid pillar of the government's budget process.** To facilitate wider participation, the DBM has re-established the Civil Society Organization (CSO) Desk to serve as a contact point for CSOs. As part of its operationalization, initial consultation meetings for the crafting for the CSO Desk Guidelines were conducted by the DBM on March 24 to 25, 2022 to discuss the mechanisms on how the DBM can ensure a systematic process in addressing the concerns of the CSOs.¹¹ A separate consultation with non-government partners was also conducted on June 7, 2022 to solicit inputs to better operationalize and set up a responsive CSO Desk.

b. Budget Priorities

10. **Balancing the strategies in addressing the needs of the poor and vulnerable while starting to fully reopen the economy, the FY 2022 Budget prioritizes the Social Services Sector and Economic Services Sector.** The Social Services Sector was given the highest provision of ₱1.932 trillion or 38.5 percent of the FY 2022 Budget to provide adequate allocation for programs/projects aimed at ensuring the efficiency and sustainability of COVID-19 response efforts. These include improvement in the health system, support to the health workforce, and expansion of access to social services and livelihood programs to help address the deeper impact of the crisis to the poor and reduce the vulnerability of Filipinos to future shocks. The Economic Services Sector, on the other hand, received the second largest share amounting to ₱1.494 trillion or 29.7 percent. A big chunk of this are the capital outlay allocations of the Department of Public Works and Highways (DPWH), DOTr, and DA intended for the projects under the Build, Build, Build, Program. These include the: i) construction of roads and public facilities; ii)

¹⁰ Allocations to LGUs are composed of the Internal Revenue Allotment (₱959.0 billion), allocation to the Bangsamoro Autonomous Region in Muslim Mindanao (₱74.8 billion), Special Shares of LGUs in the Proceeds of National Taxes (₱26.3 billion), Local Government Support Fund (₱17.96 billion), Metropolitan Manila Development Authority (₱5.7 billion), Special Shares of LGUs in the Proceeds of Fire Code Fees (₱629.5 billion), and Barangay Officials Death Benefits (₱50.0 million).

¹¹ PH-Open Government Partnership (July 5, 2022). *DBM Holds Series of Consultation Meetings for the Crafting of the CSO Desk Operating Guidelines*. <https://ogp.dbm.gov.ph/index.php/news/105-dbm-holds-series-of-consultation-meetings-for-the-crafting-of-the-cso-desk-operating-guidelines>.

improvement of mass transport system; and iii) development of technologies for the agriculture, among others. These programs/projects will serve as major employment and investment drivers and will be critical factors in the establishment of a more solid foundation for the country's economic recovery.

- 11. The Health Sector received ₱279.5 billion this year to provide continuous delivery of health services, increase universal health care (UHC) coverage, and improve the country's health system.** Of this amount, ₱188.4 billion was set aside for the Department of Health (DOH) with ₱54.6 billion apportioned to the operations of DOH-administered hospitals and other health care facilities. To expand access to health services and promote equity in health systems, ₱17.0 billion was provided for the deployment of Human Resources for Health (HRH)¹² in remote and depressed areas under the National Health Workforce Support System (NHWSS). Moreover, ₱32.6 billion was allocated for the procurement of medical drugs, medicines and vaccines, and medical and dental supplies of government health care facilities, eighty percent (80%) of which was allocated to areas with high incidence of diseases. Pursuant to the UHC Law (RA No. 11223), the National Health Insurance Program (NHIP) was provided with ₱80.0 billion to cover the health insurance premium subsidies of the target 13.2 million indigent families, 7.3 million senior citizens, 100,000 unemployed persons with disabilities, and 1.2 million financially-incapable Point-of-Service patients. A sizeable amount of ₱21.4 billion was also set aside to deliver medical assistance to 1.5 million indigent patients. Underscoring the importance of adequate health facilities and equipped health system given the country's COVID-19 experience, the Health Facilities Enhancement Program (HFEP) was allotted with ₱23.1 billion for the construction, rehabilitation, and upgrading of health care facilities, as well as procurement of medical equipment and ambulances. Moreover, to develop a more proactive approach in responding to future pandemics and other health emergencies, an amount of ₱983 million was appropriated for the establishment of the Virology Science and Technology Institute of the Philippines, while some ₱737 million was allocated for the National Health Research and Development Program.
- 12. The FY 2022 Health Budget also focuses on strengthening ongoing COVID-19-response activities and preventing the spread of another outbreak.** Some ₱10.0 billion was allotted for the prevention and reduction of the spread of infectious diseases, and for the purchase of personal protective equipment (PPE) and reverse transcription polymerase chain reaction (RT-PCR) cartridges, ₱7.9 billion for the procurement of COVID-19 test kits and other laboratory supplies. Meanwhile ₱2.8 billion was budgeted for the procurement of COVID-19 booster shots and ancillaries for fully-vaccinated Filipinos, with an additional ₱45.4 billion lodged under the Unprogrammed Appropriations (UA). Further, ₱874 million was

¹² Human Resources for Health refers to medical and allied health professionals who are essential to the performance of health systems. They include workers in different domains of health systems, including preventive, curative, rehabilitative, and palliative care services. https://doh.gov.ph/sites/default/files/policies_and_laws/F.2%20AO%202020-0038%20Deployment%20of%20Human%20Resources%20for%20Health%20under%20the%20National%20Health%20Workforce%20Support%20System.pdf

provided for the development and evaluation of surveillance systems and other health information and investigation systems for disease outbreaks and other threats to public health. The Philippine Genomic Information and Resource Hub was also allocated with ₱200 million for the enhancement of the capacity of the Philippine Genome Center to conduct genomic bio-surveillance and immune-bio-surveillance of COVID-19 variants. The prevention and control of non-communicable diseases such as hypertension, diabetes, cancer, and mental illness was also allotted with ₱1.4 billion. Recognizing the crucial role of health care workers in the country's response to the COVID-19 pandemic, some ₱9.0 billion¹³ was appropriated for the compensation and other benefits of all public and private health care workers and non-health care workers. This includes payment of claims submitted by eligible public and private health workers who contracted COVID-19 pandemic while in line of duty. In addition, some ₱4.3 billion was set aside to fund the emergency hiring of COVID-19 response personnel.

- 13. The promotion of proper nutrition and addressing hunger is crucial to the overall well-being of all Filipinos and their future.** To alleviate the problem in nutrition, the NG ensures that everyone, especially newborn, school-aged children, as well as lactating mothers receive nutritious meals. Hence, funding for programs and projects such as the Supplementary Feeding Program (₱4.2 billion) and Complementary Feeding Program (₱250 million) was provided under the 2022 Budget. The School-based Feeding Program (SBFP) was also allocated with ₱3.3 billion to address hunger and improve performance of students by providing nutritious food, such as hot meals and sterilized milk to severely wasted and wasted learners. Moreover, ₱193 million was allotted for the Early Childhood Care and Development in the First 1000 Days Program to provide additional sustenance to nutritionally at-risk pregnant women living in the 5th and 6th class municipalities. The program aims to reduce morbidity, mortality, and stunting among children zero (0) to 23 months old. Furthermore, ₱7.1 billion was apportioned for the Family, Health, Immunization, Nutrition and Responsible Parenting to protect Filipinos from future outbreaks and various health situations and the promotion of responsible parenting.
- 14. The DA was appropriated with ₱71.0 billion this year to ensure reliable food supply in the country and help eradicate both food and nutrition insecurity.** The banner programs of the DA were provided with ₱28.1 billion. These include the provisions for National Rice Program (NRP), National Livestock Program (NLP), National Fisheries Program, National Corn Program, National High Value Crops Development Program, and National Organic Agriculture Program. The irrigation of farmlands also received a total of ₱32.8 billion, with ₱31.5 billion under the National Irrigation Administration and ₱1.1 billion under the DA, while the construction of farm-to-market roads (FMR) was allocated with ₱7.5 billion to help increase agricultural and fisheries production and mobility. Meanwhile, ₱10.0 billion was allotted for the Rice Competitiveness Enhancement Program as mandated by the Rice Liberalization Law to encourage farmers to become more

¹³ An amount equivalent to ₱7.9 billion was budgeted for the provision of benefits, while ₱1.1 billion was allotted for the compensation of COVID-19 workers.

competitive by providing financial aid and expanding the crop insurance coverage. Moreover, the Buffer Stocking Program of the National Food Authority was given an amount of ₱7.0 billion to ready buffer stocks of rice during emergencies and calamities by procuring *palay* from local farmers.

- 15. The implementation of social protection programs aimed at reducing inequality remains as the vanguard of the government's response towards recovery.** For this purpose, the DSWD was provided with ₱205.0 billion. Of this amount, ₱107.7 billion was allotted for the *Pantawid Pamilyang Pilipino Program (4Ps)* to deliver, among others, cash grants, rice subsidies, and health education grants to 4.4 million household beneficiaries. On the other hand, ₱25.0 billion was set aside for the Social Pension Program for the ₱500 monthly stipend of 3.8 million indigent senior citizens. In addition, ₱39.9 billion was allotted for the Protective Services for Individuals and Families in Difficult Circumstances to grant transportation, medical, burial, food and non-food, and/or educational assistance to clients under the Assistance to Individuals on Crisis Situation Program (AICS) Program. This program also aims to ensure that the homeless, neglected, and/or abused children are prepared for eventual re-integration with their biological or adoptive parents. Meanwhile, ₱4.7 billion was appropriated for the *Balik-Probinsya, Bagong Pag-asa (BP2)* Program under the DSWD to encourage Filipinos to contribute economically to their home provinces by giving them financial incentives, such as enterprise support, and education and housing allowance. Some ₱174 million was also budgeted under the Social Welfare for Distressed Overseas Filipinos and Trafficked Persons Program to safeguard overseas Filipinos and trafficked persons from abuses, exploitation, and deportation while working overseas.
- 16. The government allotted ₱51.3 billion to cushion the effects of the pandemic to the country's workforce and support small businesses through its COVID-19 response and recovery programs.** The Livelihood and Emergency Employment Program of the Department of Labor and Employment (DOLE) received ₱28.0 billion to assist displaced, disadvantaged, and unemployed workers in finding employment and livelihood opportunities. Of which, ₱26.5 billion was provided for the *Tulong Panghanap-buhay sa Ating Disadvantaged or Displaced Workers (TUPAD) Program* and Government Internship Program to offer 1.7 million beneficiaries with emergency employment and internship opportunities. Likewise, ₱11.5 billion was allocated for the Emergency Repatriation Program to assist OFWs who have been repatriated due to unexpected events, such as political unrest, disasters, or pandemics. Meanwhile, ₱908 million was provided to the Employment Facilitation Program to help prepare the Filipino youth for employment through the DOLE's Youth Employability project (₱606 million) and Job Search Assistance services (₱157 million), among others. The government also prioritizes the development of competitive and innovative industries, especially among the micro, small, and medium enterprises (MSMEs). The MSME Development Program was appropriated with ₱3.5 billion to assist MSMEs in various sectors to overcome challenges brought about by the pandemic. In addition, the *Pondo para sa Pangbabago at Pag-asenso (P3) Program* received

₱2.0 billion to help boost micro-enterprises sector by providing affordable and cost-efficient micro loans to 40,000 micro entrepreneurs including market vendors, sari-sari store owners, and stall owners, among others.

- 17. To promote good governance and improve efficiency in the delivery of public services, funding for programs aimed at accelerating the digitization of government services, enhancing the fairness of the justice system, and intensifying the implementation of various anti-corruption programs were provided under the 2022 Budget.** Some ₱6.4 billion was provided to the Information and Communications Technology (ICT) Systems and Infrastructure Development to promote reliable network connectivity in the country through the National Broadband Plan and Free Internet Wifi Access in Public Places, among others. The Philippine Identification System was appropriated with ₱4.8 billion this year to accelerate the registration process and delivery of the National ID cards. This is seen to improve the distribution of subsidies and facilitate a more efficient implementation of the country's vaccine program. An amount of ₱574 million was reserved to the Community-Based Monitoring System to adopt measures that will reduce poverty in the grassroots by increasing access to social protection and welfare programs. Meanwhile, the Anti-Red Tape Authority was provided with ₱279 million to fund programs, activities, and projects that promote integrity and prevent graft and corruption in the government. Likewise, the Judiciary, Department of Justice, and the Ombudsman received ₱51.8 billion, ₱26.7 billion, and ₱4.8 billion, respectively, to promote swift, fair, and accessible administration of justice in the country.
- 18. Key programs aimed at maintaining public order and safety, ensuring territorial integrity, and upholding the country's sovereignty are also supported in 2022.** The Armed Forces of the Philippines (AFP) was appropriated with ₱214.0 billion to strengthen and develop the military forces in order to safeguard and protect the country from internal and external security threats. In addition, an amount of ₱74.8 billion¹⁴ was given to the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), while some ₱5.6 billion was allocated for the Barangay Development Program to support development programs in 1,406 barangays cleared by the National Task Force to End Local Communist Armed Conflict (NTF-ELCAC). The Philippine National Police (PNP) also received ₱191.0 billion to fund its law enforcement operations, while ₱2.5 billion was allocated for the Philippine Anti-Illegal Drugs Strategy (PADS) to fund various anti-illegal drug programs and operations that aim to reduce demand and supply of illegal drugs, and control drug dependency through the rehabilitation of drug users all over the country. On the other hand, ₱27.2 billion was provided to the Bureau of Fire Protection (BFP) to safeguard communities from destructive fires and other emergencies through fire prevention and suppression project activities, while ₱21.4 billion was given to the Bureau of Jail Management and Penology (BJMP) to support the operation of jails nationwide.

¹⁴ This comprised of the: i) Annual Block Grant (₱67.0 billion); ii) Special Development Fund (₱5.0 billion); and Share in Taxes, Fees and Charges Collected in the BARMM (₱2.8 billion).

- 19. The *Build, Build, Build* Program continues to be one of the major drivers of economic recovery efforts, with a total budget of ₱1,182.3 billion or 23.5 percent of the National Budget.** This includes funding for infrastructure programs such as road networks (₱485.0 billion), flood control systems (₱210.0 billion), development fund of LGUs (₱191.8 billion), buildings (₱72.9 billion), irrigation systems (₱21.8 billion), and railways (₱11.6 billion). More specifically, the construction, maintenance, and rehabilitation of road network systems and flood mitigation structures nationwide were funded under the DPWH budget: (i) Flood Management Program (₱129.0 billion), Network Development Program (₱127.0 billion), Asset Preservation Program (₱117.5 billion), and Bridge Program (₱25.4 billion). Similarly, the development of a safe, efficient, and convenient public transport systems was allocated with ₱75.8 billion under the DOTr. Of the said amount, ₱23.1 billion is intended for the Rail Transport Program, while ₱16.0 billion for the Land Public Transportation Program.
- 20. Recognizing the importance of education in rebuilding the economy, the Education Sector was appropriated with ₱788.5 billion, or 4.9 percent higher than the allocation in FY 2021 to support the safe reopening of schools and make quality education more accessible to all, especially the poor.** The budget includes provision for the following programs of the Department of Education (DepEd): (i) operations of public schools (₱461.1 billion); (ii) financial aid to qualified junior and senior high school students in private school (₱28.4 billion); (iii) creation of additional teaching positions (₱20.1 billion); (iv) development, reproduction, and delivery of 918.5 million learning modules and learning materials to 19.9 million students (₱14.7 billion); (v) DepEd Computerization Program (₱11.7 billion); and (vi) construction, replacement, and/or repair of 4,553 school health facilities (₱458 million). Higher and technical-vocational education is also supported, with ₱108.4 billion appropriated to various State Universities and Colleges (SUCs) nationwide, ₱32.6 billion to the Commission on Higher Education (CHED), and ₱14.0 billion for Technical Education and Skills Development Authority (TESDA). The programs under the Universal Access to Quality Tertiary Education (UAQTE) was allocated with a total of ₱47.7 billion, lodged under the budget of CHED (₱26.1 billion), SUCs (₱18.7 billion), and TESDA (₱2.9 billion). Of the total budget for UAQTE, some ₱21.1 billion was earmarked for the provision of grants-in-aid for around 622 thousand undergraduate students¹⁵, ₱23.7 billion¹⁶ was set-aside for the payment of tuition and other school fees of undergraduate students, while the remaining ₱2.9 billion was allotted for the Free Technical-Vocational Education and Training Program of TESDA. Meanwhile, ₱3.6 billion was also provided for the TESDA's Training for Work Scholarship Program, while the *Tulong Trabaho* Program received ₱1.5 billion. Some ₱1.8 billion will also be provided for the Student Financial Assistance Programs (StuFAPs).

¹⁵ Eligible beneficiaries are those enrolled in SUCs, CHED-recognized local universities and colleges (LUCs), and private higher education institutions with authorized programs and are subject to prioritization.

¹⁶ Of the ₱23.7 billion, the ₱5.0 billion lodged under the budget of CHED will cover 330,893 eligible beneficiaries. On the other hand, the ₱18.7 billion budget appropriated under the FY 2022 budget of SUCs will cover the tuition of the actual number of enrollees.

- 21. The sudden increase in volume of infectious wastes and risks and threats of climate change requires the prioritization of programs that tackle the environment and natural disasters.** The 2022 Budget allotted ₱26.5 billion to the Department of Environment and Natural Resources (DENR) to implement programs and projects that will: i) ensure proper disposal of healthcare waste; ii) protect wildlife and their natural habitats; iii) improve access to safe and clean water; iv) sustain habitat interconnectivity; and v) improve the resiliency of ecosystems, while considering the effects of climate change, among others. More specifically, this includes the funding for the: i) National Greening Program (₱2.3 billion); ii) Manila Bay Rehabilitation (₱1.8 billion); and Protected Areas Development and Management (₱1.7 billion). Some ₱1.6 billion was also provided to the Solid Waste Management Program to facilitate effective operations of Material Recovery Facilities (MRF) and proper disposal of residual wastes through waste to energy approach and operationalization of sanitary landfills. Given the country's susceptibility to natural calamities, ₱20.0 billion was appropriated under the National Disaster Risk Reduction and Management Fund (NDRRMF) to ensure that there will be available resources to address and support disaster risk reduction management activities. Likewise, ₱129.0 billion was provided for the Flood Management Program lodged under the budget of the DPWH to protect flood prone areas through the construction of 894 flood mitigation structures and rehabilitation of existing flood mitigation facilities in major river basins and principal rivers. Moreover, ₱6.4 billion was appropriated as Quick Response Funds (QRFs) of first-responder agencies to serve as stand-by funds that will facilitate quick recovery of areas affected by disasters, calamities, epidemics, or complex emergencies.
- 22. Innovation and progress play a key role in driving economic growth and unlocking possible solutions to national global issues; hence, ₱24.3 billion was appropriated to the Department of Science and Technology (DOST) and ₱10.2 billion to the Department of Information and Communications Technology (DICT) in 2022.** This includes programs that will assist future science and technology (S&T) experts through the Grant-in-Aid Program (₱8.2 billion) and various scholarship programs (₱7.2 billion). An amount of ₱152 million was also provided for the *Balik-Scientist* Program to encourage Filipino scientists living overseas to return and use their expertise for the development of various industries in the country. Innovation in the local setting will also be ramped-up through the Small Enterprise Technology Upgrading Program (SETUP) which received ₱948 million to aid MSMEs to in improving their products and services. The Agricultural, Aquatic, and Natural Resources (AANR) Research and Development (R&D) was given an amount of ₱1.1 billion to fund 643 R&D projects that seek to promote rapid and inclusive growth in the AANR sectors, while ₱2.7 billion was allotted for the expansion of S&T in the regions to spur growth in the countryside. On the other hand, to bridge the digital divide, ₱2.6 billion was budgeted for the Free Wifi Internet Access in Public Places, ₱1.7 billion for the National Government Data Center Infrastructure, ₱1.5 billion for the National Broadband Plan, and ₱317 million for the development of the National Government Portal.

- 23. The government has introduced and continues to support various housing programs to provide the people – especially the underprivileged – with quality and affordable homes.** The National Housing Authority (NHA) was given a budgetary support of ₱5.2 billion to finance the implementation of the Comprehensive and Integrated Housing Program, while the National Home Mortgage and Finance Corporation (NHMFC) received ₱1.0 billion support to address the housing needs of low-income families and under-deserved sectors of society through the Socialized Housing Loan Take-Out of Receivables Program. On the other hand, ₱942 million was provided to fund the operations of Department of Human Settlements and Urban Development (DHSUD) to oversee the development and adoption of a national strategy for housing, human settlements, and urban development, while ₱514 million was allocated to the Social Housing and Finance Corporation (SHFC) to provide housing loans and ensure safe and flood-resilient housing solutions. Meanwhile, to provide households with access to water and energy, the programs/projects such as the: i) Sitio Electrification Project (₱1.6 billion); Missionary Electrification Program (₱846 million); Water Supply and Sanitation Program (₱527 million); and Total Electrification Project (₱500 million), were supported under the 2022 Budget.

Status of the Devolution Efforts of the National Government

- 24. With the increase in NTA shares of LGUs in view of the SC Ruling on the Mandanas-Garcia Cases, the LGUs are now in a better position to be primarily responsible for the delivery of devolved basic services** as prescribed under the Local Government Code (LGC) of 1991 or RA No. 7160 and other pertinent laws. To mitigate the financial impact of higher NTA shares to be received by LGUs starting 2022, EO No. 138, dated June 1, 2021 was issued to direct the full devolution of functions and services from the NGAs to the LGUs. Section 4 of the said EO also provides that the functions, services, and facilities stated under Section 17 of the LGC shall be fully devolved from the NG to the LGUs not later than the end of FY 2024. The EO, likewise, directed, among others, the creation of a Committee on Devolution, and preparation of Devolution Transition Plans (DTPs) by all LGUs, and NGAs concerned to ensure the smooth implementation of the full devolution transition. These measures will ensure fiscal sustainability, further strengthen local autonomy, and put an end to the long-standing problem of duplication of responsibilities between the national and local governments.
- 25. Majority of the identified NGAs have already prepared and submitted their respective DTPs pursuant to EO No. 138, and the same have already undergone series of evaluation by the DBM.** As of August 25, 2022, 18 out of the 20 concerned NGAs have already submitted their DTPs to the DBM, and two (2) of which have already been approved. The DBM, likewise, completed the evaluation of the other 16 NGA DTPs which are currently pending with the NGAs concerned for further revision and enhancement. Similarly, the said DTPs may have to be updated or revised consistent with the new directives of the Marcos Administration.

- 26. The DBM, in coordination with its partner oversight agencies and LGUs, will continue to institute mechanisms that will encourage and support the LGUs to carry on the functions and services devolved to them.** Currently, the DBM is preparing an amendatory EO to EO No. 138, considering the need to fully prepare and capacitate the LGUs in implementing the devolved functions, services, and facilities. Moreover, ample time would be necessary for the implementation of the transition to ensure the effective and efficient delivery of devolved functions, services, and facilities by the LGUs. The draft amendatory EO shall reflect the priorities and strategic thrusts of the current Administration and will further clarify the directives and guidance to the NGAs and the LGUs on the devolution transition.

III. First Semester Macroeconomic and Fiscal Performance

a. Macroeconomic Environment

Growth Target

27. For the first semester (S1) of 2022, the economy expanded by 7.8 percent, posting the fastest growth among major economies in the region that have already released their S1 real GDP growth, followed by Malaysia (7.0 percent), Vietnam (6.4 percent), Indonesia (5.2 percent), and China (2.5 percent). Despite the uptick in COVID-19 cases in January 2022 due to the Omicron variant, the economy grew by 8.2 percent in Q1 on the back of improved vaccination coverage and better management of COVID-19 cases. This expansion was sustained in Q2 with 7.4 percent real GDP growth, as further restrictions were eased with 85 percent of the economy under Alert Level 1. This, along with the recently-held Presidential election, increased economic activities during the period.

Table 2. Mid-year 2022 Economic Performance vis-à-vis Macroeconomic Assumptions

Particulars	2022		FY 2021 Actual
	FY 2022 BESF ^{a/} Initial Projections	Actual (January to June)	
Nominal GDP (PHP Mn)			
Low-end	21,773,615	10,322,753	19,410,568
High-end	22,389,849		
Real GDP Growth Rate	7.0 to 9.0	7.8	5.7

^{a/} Budget of Expenditures and Sources of Financing 2022

Source: PSA, National Economic and Development Authority (NEDA)

28. On the production side, the majority of the sectors have already returned to their pre-pandemic output levels in S1 2022, led by the industry (8.3 percent growth in S1 2022) and services (8.7 percent) sectors. Agricultural output was not severely affected by the pandemic but its growth remained weak at 0.2 percent in the first half of 2022 as the sector remained vulnerable to natural calamities and rising input costs. Sectors that were largely affected by the COVID-19 restrictions such as transport, accommodation & food services, and other services, albeit improving, have yet to reach their pre-pandemic levels.
29. On the expenditures side, domestic demand also recovered, recording an 11.4 percent expansion in S1 2022. This was primarily driven by household consumption (9.3 percent in S1 2022) supported by the improvement in consumer sentiment amid the high vaccination rate and easing of mobility restrictions.

Investments also sustained its double-digit expansion (20.5 percent) fueled by construction activities of both government and the private sector. Growth in government spending also increased to 7.8 percent in S1 2022 with the implementation of *4Ps*, *TUPAD*, as well as the conduct of the National and Local Elections (NLE) in May.¹⁷ Meanwhile, net exports (-35.2 percent) declined as imports grew faster than exports, reflecting stronger domestic demand.

Table 3. Decomposition of Real GDP Growth, Expenditure and Production Side

Particulars	Growth Rate (%)		Contribution to Growth (in percentage points)	
	S1 2021	S1 2022	S1 2021	S1 2022
GROSS DOMESTIC PRODUCT	3.9	7.8	3.9	7.8
<u>By Expenditure</u>				
1. Household Final Consumption Expenditure	0.9	9.3	0.6	6.6
2. Government Final Consumption Expenditure	3.9	7.8	0.6	1.3
3. Capital Formation	23.8	20.5	4.5	4.6
A. Fixed Capital	6.9	12.6	1.6	2.9
1. Construction	3.8	15.4	0.5	2.2
Public	37.6	14.9	1.7	0.9
Private	-12.5	15.7	-1.2	1.3
2. Durable Equipment	19.0	10.7	1.1	0.7
4. Exports	7.5	7.3	2.1	2.1
5. Less : Imports	12.4	14.5	4.4	5.5
<u>By Origin</u>				
1. Agriculture, Hunting, Forestry & Fishing	-0.7	0.2	-0.1	0.0
2. Industry	7.8	8.3	2.3	2.5
3. Services	2.8	8.7	1.7	5.2

Source: NEDA, PSA

Macroeconomic Assumptions

- 30. Headline inflation settled at 4.4 percent in January – June 2022,**¹⁸ above the high-end of the 2.0 – 4.0 percent original inflation assumption for 2022.¹⁹ After decelerating in the first two months of the year, inflation accelerated from 4.0 percent in March to 6.1 percent in June, driven largely by higher price increases of food items combined with the continued rise in energy-related inflation. The uptick in June inflation was largely due to faster increases in the prices of food (particularly for rice, meat, fruits, and sugar) and increased transport inflation amid higher fuel prices and jeepney fare hike in select regions.

¹⁷ Department of Budget and Management. *2022 National Government (NG) Disbursement Reports*. Retrieved from: https://www.dbm.gov.ph/wp-content/uploads/DBCC/2022/NG-%20Disbursements_May%202022_for%20posting.pdf, https://www.dbm.gov.ph/wpcontent/uploads/DBCC/2022/NG-Disbursements_April%202022_for%20posting.pdf

¹⁸ Based on 2018 Consumer Price Index (CPI) series.

¹⁹ The original inflation assumption in the FY 2022 BESF—which was published in 2021—was based on the 2012 CPI series. The PSA has been publishing inflation using the 2018 CPI series since February 2022.

Table 4. Selected Macroeconomic Indicators, 2022

Particulars	2022 DBCC Assumptions		Year-to-Date
	Original (2022 BESF)	Revised (2023 BESF)	
Inflation (%) ^{a/}	2.0 – 4.0	4.5 – 5.5	4.4 (Jan – Jun)
364-day T-bill rate (%) ^{b/}	2.0 – 3.5	2.5 – 4.0	1.8 (Jan – Jun)
180-day LIBOR (%)	0.3 – 1.3	1.5 – 2.5	1.4 (Jan – Jun)
Foreign exchange rate (₱/US\$1)	48.00 – 53.00	51.00 – 53.00	52.08 (Jan - Jun)
Dubai crude oil price (US\$/barrel)	50.00 – 70.00	90.00 – 110.00	102.68 (Jan-Jun)
Goods exports growth (%) ^{c/}	6.0	7.0	7.9 (Jan-Jun)
Goods imports growth (%) ^{c/}	10.0	18.0	27.5 (Jan-Jun)

^{a/} Based on 2018 CPI series except for the original assumption in the 2022 BESF which was based on 2012 CPI series

^{b/} Based on primary market rates

^{c/} Based on Balance of Payments and International Investment Position Manual, 6th edition (BPM6)

Note: Actual data are averages for the period January – June 2022.

Source: DBM, PSA, BTr, and BSP

- 31. An uptrend was, likewise, observed in the 180-day London Interbank Offered Rate (LIBOR)²⁰ which settled at 1.4 percent in the first half of 2022, above the original assumption of 0.3 – 1.3 percent for the year.** Monthly average rates increased from 0.4 percent in January 2022 to 2.6 percent in June 2022 as major central banks began monetary policy normalization in response to rising inflation pressures and inflation expectations. From March to June 2022, the US Fed had raised policy rates by a cumulative 150 basis points (bps) with more aggressive rate hikes anticipated in the subsequent meetings of the Federal Open Market Committee (FOMC).²¹ Meanwhile, the Bank of England had raised its policy rate by cumulative 100 bps in February to June 2022.²² As of June 2022, the European Central Bank had kept its policy rate unchanged, but with hikes anticipated for the rest of 2022.²³
- 32. In the foreign exchange market, the peso depreciated in the first six months of 2022.** The peso-dollar rate averaged at ₱52.08/US\$ from January to June 2022, close to the upper-end of the original assumption of ₱48.00 – 53.00/US\$1 for the year. The depreciation of the peso was influenced mainly by higher foreign exchange demand amid wider trade gap, faster-than-expected policy rate hikes by the US Fed, anticipated further increases in the US interest rates, and heightened market risk aversion amid the Ukraine-Russia conflict.

²⁰ The Financial Conduct Authority (FCA) announced that the publication of all sterling, euro, Swiss franc, Japanese yen, 1-week and 2-month US\$ LIBOR will be discontinued after December 31, 2021 while the rest of US\$ LIBOR tenors including the 180-day LIBOR will not be available after June 30, 2023. Source: FCA Press Release. *Announcements on the end of LIBOR*. 5 March 2021. URL: www.fca.org.uk/news/press-releases/announcements-end-libor.

²¹ US Federal Reserve Press Release. (June 15, 2022). *Transcript of Chair Powell's Press Conference*. www.federalreserve.gov/mediacenter/files/FOMCpresconf20220615.pdf.

²² Bank of England. *Monetary Policy Summary*. February 2022, June 2022. URL: www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2022/february-2022; www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2022/june-2022.

²³ European Central Bank Press Release. (June 9, 2022). *Monetary policy decisions*. www.ecb.europa.eu/press/pr/date/2022/html/ecb.mp220609~122666c272.en.html.

- 33. Dubai crude oil prices, likewise, increased, averaging at around US\$102 per barrel in the first six months of 2022.** This is above the original assumption of US\$50.00 – 70.00 per barrel for 2022. The rise in international oil prices was driven mainly by concerns over potential supply disruptions following Russia’s invasion of Ukraine and Western sanctions on the Russian oil and gas imports. The uptrend was tempered slightly by demand concerns amid weaker global growth outlook as well as the strict containment measures imposed in China to control the surge in COVID-19 cases.
- 34. On the external sector, exports of goods (based on BOP concept)²⁴ was higher by 7.9 percent, reaching US\$28.3 billion in the S1 of 2022.** This compares to the US\$26.2 billion level recorded in the same period in the previous year. This resulted mainly from the expansion in exports of mineral products by 28.1 percent from US\$3.2 billion to US\$4.1 billion this year. Furthermore, exports of coconut products and electronic products increased by 99.1 percent (to US\$1.6 billion) and 3.4 percent (to US\$11.3 billion), respectively. On a by country basis, exports growth was mainly driven by demand from the top export markets, particularly Singapore, the Netherlands and the United States.
- 35. Imports of goods (based on BOP concept)²⁵ continued to accelerate in the S1 of 2022, growing by 27.5 percent to US\$63.1 billion from US\$49.5 billion in the previous year.** This uptrend was mainly driven by the 117.7 percent growth in the importation of mineral fuels and lubricants to US\$12 billion. In addition, imports of raw materials and intermediate goods and capital goods, also registered increases at 15.1 percent (to US\$23.2 billion) and 19.7 percent (to US\$16.3 billion), respectively. On a by country basis, the continued acceleration of imports growth was mostly on account of larger imports from South Korea, Indonesia, Japan and China.

²⁴ Based on latest available data from the PSA, exports for January to July 2022 grew by 5.4 percent y-o-y to US\$44.7 billion from US\$42.5 billion in the same period in 2021. Exports growth was mainly accounted for by semiconductors, which grew by 5.9 percent. Other export segments contributing to the expansion were coconut products (88.6 percent increase), mineral products (21.2 percent), telecommunications electronics (143.2 percent), chemicals (11.9 percent), garments (16.2 percent), and travel goods/handbags (23.7 percent).

²⁵ Latest PSA goods import data for January-July 2022 showed an expansion of 25.9 percent y-o-y to US\$80.5 billion, with broad-based recovery in all major import segments, led by mineral fuels and lubricants which grew by 111.9 percent. This was followed by raw materials and intermediate goods (by 20.0 percent), consumer goods (by 15.6 percent), and capital goods (by 11.2 percent).

b. NG Fiscal Program and Performance

36. The government's fiscal program for the year was adjusted from the FY 2022 Budget of Expenditures and Sources of Financing (BESF) projection to account for the slightly improved revenue outlook and the expenditure allocations under the enacted FY 2022 GAA. The revised projections for capital outlays declined by 4.1 percent owing to the lower allocations in the approved GAA vis-à-vis the National Expenditure Program (NEP) which was the basis of the earlier projection. Similarly, the revision accounted for the impact of the extended implementation of infrastructure capital outlays pursuant to Section 68 of the General Provisions of the FY 2022 GAA. The said provision allows the completion of construction, inspection, and payment for infrastructure programs/projects until December 31, 2023. Hence, the corresponding cash requirements to support the payment or disbursements for a portion of these infrastructure capital outlays will have to be reflected in 2023, instead of this year. Meanwhile, the deficit as percent of GDP was slightly revised upwards from 7.5 percent to 7.6 percent due to the lower nominal GDP corresponding to the revised growth target for the year. However, with the slightly higher revenues by ₱14.6 billion, the revised deficit program in 2022 is lower than the original projection per the FY 2022 BESF to ₱1,650.5 billion from ₱1,665.1 billion.

Table 5. Comparison of FY 2022 Fiscal Program, Original vs Updated
(in billion pesos, unless otherwise indicated)

Particulars	FY 2022		Variance	
	Projection FY 2022 BESF ^{a/}	Program FY 2023 BESF ^{b/}	Amount	Percent
Revenues	3,289.4	3,304.1	14.6	0.4%
% of GDP	14.9%	15.2%		
Tax Revenues	3,125.0	3,139.6	14.6	0.5%
Non-Tax Revenues	164.0	164.0	-	0.0%
Privatization	0.5	0.5	-	0.0%
Disbursements	4,954.5	4,954.6	-	0.0%
% of GDP	22.4%	22.9%		
Current Operating Exp.	3,625.8	3,679.0	53.2	1.5%
Capital Outlays	1,300.1	1,246.9	(53.2)	-4.1%
Net Lending	28.7	28.7	-	0.0%
(Deficit)	(1,665.1)	(1,650.5)	14.6	-0.9%
% of GDP	-7.5%	-7.6%		

Nominal GDP

22,080.8

21,672.8

^{a/} As presented in the FY 2022 BESF

^{b/} As presented in the FY 2023 BESF

b.1. Revenue Performance

- 37. Revenue collection for January to June 2022 improved by 15.9 percent or ₱237.1 billion more year-on-year (y-o-y), and also exceeded the target by ₱79.1 billion or 4.8 percent.** The revenue collection during the first half of the year was driven by the growth of household consumption, government consumption, and private investments.
- 38. The robust revenue performance was also credited to the combined good performance of tax and non-tax collecting agencies, complemented by a more digitalized bureaucracy.** The digital transformation projects of the Bureau of Internal Revenue (BIR) have expanded the range of electronic payment (e-payment) channels that allow taxpayers to file and pay their taxes online, and enabled BIR to continue collecting taxes even amid the mobility restrictions during the pandemic. In addition, the BIR has implemented Internal Revenue Integrated System (IRIS), which serves as the central tool and repository to process taxpayer information, and the Enhanced Internal Revenue Stamps Integrated System (IRSIS), which manages the ordering, production, distribution, affixing and tracking of revenue stamps to monitor the proper payment of excise taxes on tobacco products. The BIR, likewise, put in place Electronic Filing and Payment System (eFPS), Electronic Fund Transfer Instructions Systems (eFTIS), and other e-payment channels to allow taxpayers to pay taxes online. A Chatbot was also introduced called REVIE on the Bureau's website to assist taxpayers with general inquiries on top of being able to email the BIR regarding their concerns.
- 39. The Bureau of Customs (BOC) automated and streamlined 139, or 82 percent, of its 170 processes and procedures in the previous Administration through its continuing modernization program.** This has resulted in above-target collections despite the economic slowdown induced by the pandemic. The notable accomplishment of the BOC under its Customs Modernization Program is the integration of the Ports of Manila, Cebu, and Davao, and the Manila International Container Port (MICP) to the Customs Operations Center located in the BOC head office in Port Area, Manila.

Table 6. National Government Fiscal Position, January to June 2022
(in billion pesos, unless otherwise indicated)

Particulars	January to June 2021 Actual	January to June 2022		Variance (2022 Actual vs Program)	Growth rate (Actual 2022 vs 2021)
		Program	Actual		
Total revenues	1,490.4	1,648.4	1,727.5	4.8%	15.9%
<i>Revenue effort</i>	<i>16.3%</i>		<i>16.7%</i>		
Tax revenues	1,343.5	1,538.4	1,541.2	0.1%	14.7%
<i>Tax effort</i>	<i>14.7%</i>		<i>14.9%</i>		
Non-tax revenues	146.7	110.0	186.3	70.1%	27.0%
Privatization	0.2	0.07	0.07	-1.4%	-67.3%
Expenditure	2,206.4	2,477.1	2,401.7	-3.0%	8.9%
Surplus/(deficit)	-716.1	-828.7	-674.2	-18.6%	-5.8%
<i>% of GDP*</i>	<i>-7.8%</i>		<i>-6.5%</i>		

* Nominal GDP used is based on the 2018 prices.

- 40. Tax revenues amounted to ₱1,541.2 billion, 14.7 percent or ₱196.9 billion higher than the previous year.** Tax revenues as a percent of GDP stood at 14.9 percent, or 0.2 percentage point (ppt) higher than the same period in 2021. The BIR and BOC both registered a positive growth of 9.8 percent and 31.5 percent, respectively. Both agencies surpassed their combined collection target of ₱1,525.5 billion by ₱3.7 billion.
- 41. The higher BIR collection was attributed to the easing of quarantine restrictions and the consumption driven growth of the economy.** Meanwhile, the BOC collection's double-digit growth of 31.5 percent was due to higher oil prices compared to last year, higher value of imports, peso depreciation, improved valuation, and other tax administration improvement measures.

Table 7. BIR collection, Net of Tax Refund, January to June 2022 ^{a/}
(in billion pesos, unless otherwise indicated)

Particulars	January to June actual collection		Growth rate (Actual 2022 vs 2021)
	2022 ^{b/}	2021 ^{b/ c/}	
Total BIR collections	1,132.5	1,031.8	9.8%
Taxes on net income and profit	604.6	525.3	15.1%
Transfer taxes	5.9	4.5	30.3%
Taxes on domestic goods and services	<u>522.1</u>	<u>500.9</u>	<u>4.2%</u>
Value-added tax (VAT)	221.9	191.0	16.2%
Excise taxes	149.1	154.3	-3.4%
Percentage taxes	56.1	66.0	-15.0%
Documentary stamp tax (DST)	84.4	75.2	12.1%
Miscellaneous taxes	10.6	14.3	-25.9%

^{a/} Details may not add up due to rounding

^{b/} Actual collections are net of tax refund.

^{c/} Based on the BIR's submission to BTR.

- 42. The BIR collected ₱1,132.5 billion for the first half of 2022, growing by 9.8 percent or an increase of ₱100.8 billion y-o-y.** Transfer taxes posted the highest growth collection of 30.3 percent to reach ₱5.9 billion. The huge increase could be due to the extension of the validity of the estate tax amnesty until 2023.
- 43. Taxes on net income and profit amounted to ₱604.6 billion as employment losses during the pandemic gradually recovered as the economy slowly reopened and loosened mobility restrictions.** As of June 2022, the employment rate was at 94 percent, or 46.59 million employed individuals. This was higher by 1.5 million jobs compared to the June 2021 survey when the employment rate was at 92.3 percent or 45.08 million employed individuals.
- 44. VAT collections increased by 16.2 percent or ₱30.9 billion.** The increase in VAT collections could be attributed to the gradual lifting of mobility restrictions starting in the early months of the year, allowing more economic activities as evident from the higher vatable sales particularly, from manufacturing, wholesale and trade, construction, and restaurants. Meanwhile, DST collection increased by

12.1 percent or ₱9.2 billion given higher transaction value from transfer of real and personal properties and issuances of debt instruments, all due to the resumption of economic activities in 2022.

45. **The excise taxes and percentage taxes posted negative growth rates for the first semester of the year.** Excise tax collections from alcohol, tobacco, petroleum, and other miscellaneous products declined by 3.4 percent y-o-y or ₱5.2 billion compared to the same period in 2021. The lower excise tax collection can be partly attributed to the ₱208.6 million excise collection on petroleum products in the first semester of 2022, which is 96.4 percent lower compared with the ₱5.7 billion collection during the same period of 2021. Likewise, tobacco excise posted a negative growth of 6.0 percent y-o-y during the first semester of 2022. This was attributed to the lower volume of tobacco products during the period.
46. **Meanwhile, only the excise tax collections from alcohol products and miscellaneous products posted an increase of 10.0 percent and 4.8 percent, respectively.** Alcohol excise tax collections were higher by ₱4.1 billion compared to the same collection in the same period in 2021 mainly due to the third tranche of excise tax rate increases starting January 2022 under the RA No. 11467 or Sin Tax Law of 2020.
47. **Collections from percentage taxes were lower by 15.0 percent compared to the previous year's collection of ₱66 million due to lower franchise tax.** Franchise tax collection amounted to ₱94.3 million or 41.8 percent lower compared to the same period in 2021. This was despite the higher tax collections from other percentage taxes on amusement, insurance premiums, and from transactions from banks and financial institutions, stock transactions, and withholding tax on business from government transactions under RA No. 1051.
48. **The BIR remained committed to its mandate of just enforcement of the country's tax laws.** The relaxation of COVID-19 mobility restrictions and the expansion of COVID-19 vaccination program enabled the Bureau to perform better. It continuously implements its priority programs on enforcement, tax compliance monitoring, enhancement of administration and support services, and digital transformation.²⁶
49. **The BOC posted a new record of high collection growth of 31.5 percent for the first six months of the year compared with the same period in 2021.** Collections reached ₱396.7 billion, ₱95.0 billion higher than the S1 collection in 2021. The agency attributed this performance to the anti-smuggling measures being implemented, such as the fuel marking program. The elevated oil prices, the peso depreciation, improved valuation, and enhanced Value Reference Information System also contributed to the higher-than-expected collection.

²⁶ From the Bureau of Internal Revenue 2022 Mid-Year Report.

Table 8. BOC Collection, Net of Tax Refund, January to June 2022 ^{a/}
(In billion pesos, unless otherwise indicated)

Particulars	January to June actual ^{b/} collection		Growth rate (Actual 2022 vs 2021)
	2022 ^{c/}	2021	
Total BOC collections	396.7	301.7	31.5%
Import duties	42.2	35.1	20.1%
Non-oil	43.2	35.9	20.4%
Oil	0.0	0.02	-98.7%
less: Advance payment	1.0	0.8	27.6%
VAT	248.9	179.7	38.5%
Non-oil	183.9	146.2	25.8%
Oil	67.5	34.6	95.2%
less: VAT refund/Tax credit	2.5	1.1	127.3%
Excise	96.3	77	25.0%
Non-oil	19.9	12.6	58.4%
Oil	76.3	64.4	18.5%
Others	9.4	9.9	-5.6%

^{a/} Details may not add up due to rounding.

^{b/} Actual collections are net of tax refund.

^{c/} Based on the BOC's submission to BTr.

- 50. Import duty collections as of June 2022 amounted to ₱42.2 billion, higher by 20.1 percent than the same period in 2021.** The double-digit y-o-y growth in duties could largely be attributed to the higher value of imports as a result of the elevated prices of commodities and the depreciation of the peso.
- 51. VAT collections amounted to ₱248.9 billion for the first half of 2022, 38.5 percent higher when compared with the same period in 2021.** Both oil and non-oil recorded a double-digit growth y-o-y of 95.2 percent and 25.8 percent, respectively. VAT collection on non-oil imports for the first six months accounted for 74 percent of the total VAT collected by BOC, while VAT collection on oil imports accounted for the remaining 24 percent.
- 52. Excise tax collections amounted to ₱96.3 billion, 25.0 percent higher than the collection for the same period in 2021.** Excise tax on oil products accounted for 84 percent of the total excise tax collections while non-oil products accounted for 16 percent. The registration of Petron Bataan Refinery to the Authority of the Freeport of Bataan as a locator, which is considered to be outside of the customs territory, significantly contributed to the excise tax collection of the BOC as all our petroleum products are considered as imports. Other tax collections of the BOC posted a decline of 5.6 percent.
- 53. Meanwhile, non-tax revenues (excluding privatization proceeds) as of June 2022 improved by 27.0 percent to P186.3 billion, or an increase of ₱40.25 billion from the 2021 level.** The Bureau of the Treasury's (BTr) first-semester collection of ₱104.1 billion surpassed the previous year's achievement for the same period by 27.5 percent or ₱22.5 billion and almost double the year-to-date program of ₱52.8 billion. Furthermore, BTr's January to June revenue performance was already 64.2 percent or ₱40.7 billion above the revised full-year target of ₱63.4

billion on account of higher dividend remittance and interest income from NG deposits. On the other hand, total remittances from the government's privatization program decreased by 67.3 percent compared with the same period in 2021.

b.2 Financing and Debt

National Government Financing

54. The NG was able to reduce its borrowings to ₱1.1 trillion vis-a-vis the ₱1.3 trillion programmed for the first half of the year due to lower budget deficit outturn and strong cash position. The total amount raised was utilized to fund the ₱674.2 billion budget gap and the refinancing requirement of ₱48.9 billion. Of the total, 69.2 percent or ₱741.3 billion was raised from domestic sources through the issuances of government securities with the remaining 30.8 percent or ₱329.3 billion coming from international markets.

Table 9. National Government Financing

For the Period indicated

(In million pesos)

Particulars	S1 2022				Full-year 2022	
	Program	Actual	Difference	Percent	Program ^{b/}	Revised Program ^{c/}
NET FINANCING	<u>1,242,629</u>	<u>1,021,748</u>	<u>-220,881</u>	<u>-17.8%</u>	<u>2,331,587</u>	<u>2,075,171</u>
External Borrowing (Net)	<u>316,450</u>	<u>281,573</u>	<u>-34,877</u>	<u>-11.0%</u>	<u>421,364</u>	<u>428,263</u>
External Borrowing (Gross)	<u>366,893</u>	<u>329,336</u>	<u>-37,557</u>	<u>-10.2%</u>	<u>560,577</u>	<u>561,477</u>
Project Loans	<u>40,188</u>	<u>46,854</u>	<u>6,666</u>	<u>16.6%</u>	<u>80,372</u>	<u>48,549</u>
Program Loans	<u>126,705</u>	<u>136,604</u>	<u>9,899</u>	<u>7.8%</u>	<u>126,705</u>	<u>200,928</u>
Bonds and Other Inflows	<u>200,000</u>	<u>145,878</u>	<u>-54,122</u>	<u>-27.1%</u>	<u>353,500</u>	<u>312,000</u>
Less: Amortization	<u>50,443</u>	<u>47,763</u>	<u>-2,680</u>	<u>-5.3%</u>	<u>139,213</u>	<u>133,214</u>
Domestic Borrowing (Net)	<u>926,179</u>	<u>740,175</u>	<u>-186,004</u>	<u>-20.1%</u>	<u>1,910,223</u>	<u>1,646,908</u>
Domestic Borrowings (Gross)	<u>927,000</u>	<u>741,263</u>	<u>-185,737</u>	<u>-20.0%</u>	<u>1,912,200</u>	<u>1,650,300</u>
Treasury Bills	<u>-58,000</u>	<u>-251,918</u>	<u>-193,918</u>	<u>334.3%</u>	<u>52,000</u>	<u>52,000</u>
Treasury Bonds	<u>985,000</u>	<u>993,181</u>	<u>8,181</u>	<u>0.8%</u>	<u>1,860,200</u>	<u>1,598,300</u>
Less: Net Amortization	<u>821</u>	<u>1,088</u>	<u>267</u>	<u>32.5%</u>	<u>1,977</u>	<u>3,392</u>
Amortization	<u>182,652</u>	<u>153,377</u>	<u>-29,275</u>	<u>-16.0%</u>	<u>645,993</u>	<u>617,867</u>
o/w Serviced by the BSF ^{a/}	<u>181,830</u>	<u>152,289</u>	<u>-29,541</u>	<u>-16.2%</u>	<u>644,016</u>	<u>614,475</u>
GROSS FINANCING	<u>1,293,893</u>	<u>1,070,599</u>	<u>-223,294</u>	<u>-17.3%</u>	<u>2,472,777</u>	<u>2,211,777</u>
Financing Mix (% of Total)						
External	28.4%	30.8%			22.7%	25.4%
Domestic	71.6%	69.2%			77.3%	74.6%

^{a/} Actual redemption from Sinking Fund

^{b/} Based on BESF 2022 Table D.1

^{c/} Based on BESF 2023 Table D.1

Source: Bureau of the Treasury

- 55. Domestic gross financing was 20.0 percent lower versus the ₱927.0 billion mid-year target due to the higher net redemption of treasury bills compared with the program.** The bulk of domestic funding was sourced from issuances of government securities consisting of 3-,5-,7-, and 10-year fixed rate Treasury Bonds amounting to ₱535.4 billion, and Retail Treasury Bonds worth ₱457.8 billion. Meanwhile, the gross issuance of ₱300.6 billion in Treasury Bills with ₱552.5 billion repayment resulted in the net redemption of ₱251.9 billion. The higher net redemption resulted as the government scaled up the issuance of treasury bills in 2021 to meet the funding requirements for COVID-19 response and economic recovery programs, while issuances slowed down for H1 2022 as market sentiments turned due to rising inflation.
- 56. Domestic amortization of ₱153.4 billion was lower than target by 16.0 percent due to lower amortization of Agrarian Reform bonds and the early redemption of government securities last year in line with the liability management exercise of the NG.²⁷** The ₱300.0 billion provisional advance from the BSP was also repaid within the period.
- 57. Similarly, external loans were 10.2 percent below the ₱366.9 billion programmed for the period as issuances of global bonds were moved to the latter months given that both project and program loans already exceeded targets.** Nevertheless, the sale of sovereign bonds in international capital markets comprised the biggest source of external financing accounting for ₱145.9 billion or 44.3 percent of total availments. This consisted of triple tranche US\$ 5-, 10.5-, and 25-year Global bonds amounting to ₱117.3 billion (US\$2.2 billion) and the multi-tranche (5-, 7-, 10-, and 20-year) Samurai bonds worth ₱28.6 billion (US\$544.9 million/JP¥70.1 billion). The sale of the 25-year US\$ ROP and the 4-tranches of Samurai bonds were both made under the Government's Sustainable Finance Framework and were the country's first Environment, Social Governance (ESG) compliant bonds. The said framework ensures transparency and disclosure of the use of bond proceeds, as well as the expected environmental and social impact of eligible green and social projects, in keeping with international best practices²⁸.
- 58. Meanwhile, proceeds from program loans accounted for 41.5 percent or ₱136.6 billion of external financing, and was 7.8 percent or ₱9.9 billion higher than the first semester target.** Among the program loan availments, the *Build Universal Health Care Program, Subprogram1* obtained from the Asian Development Bank (ADB) was the largest at US\$600 million (₱30.8 billion) or 23.0 percent of the total. This was followed by the International Bank for Reconstruction and Development's (IBRD's) *Promoting Competitiveness and Enhancing Resilience to Natural Disasters Subprogram3 Development Policy Loan* with an amount of US\$598.5 million (₱30.6 billion), and ADB's *Support to Capital Market Generated*

²⁷ Bonds maturing in 2022 were exchanged/switched to the new Retail Treasury Bonds (RTB) issued in December 2021.

²⁸ Department of Finance. News and Views. (January 13, 2022). *The Republic of the Philippines Launches Inaugural Sustainable Finance Framework*. <https://www.dof.gov.ph/the-republic-of-the-philippines-launches-inaugural-sustainable-finance-framework/>.

Infrastructure Financing, Subprogram2 (₱21.8 billion) and *Local Governance Reform Program, Subprogram2* (₱20.5 billion), both worth US\$400 million.

59. **Project loans added ₱46.9 billion (14.2 percent to the total external borrowing effort), 16.6 percent higher than the mid-year program and already accounted for 96.5 percent of the revised full-year target, as the government pushed for the continuous implementation of the *Build, Build, Build Program*, *COVID-19 vaccine procurement*, and *other priority projects*.** Specifically, 44.4 percent or ₱20.8 billion of the total was loaned from the Japan International Cooperation Agency (JICA) followed by availments from the IBRD amounting to ₱15.6 billion. The DOTr's Metro Manila Subway Project Phase I received the largest share of the financing from JICA amounting to ₱7.4 billion while its North-South Commuter Railway (NSCR) Project got the second biggest chunk worth ₱6.2 billion. For the IBRD loan, 75.5 percent or ₱11.7 billion of the total was secured as additional financing for the procurement of COVID-19 vaccines by the DOH.
60. **Amortization from external borrowings reached ₱47.8 billion, lower by 5.3 percent compared with the target.** This is a result of favorable foreign exchange rates versus the level programmed for the first semester of the year.
61. **Going forward, the NG will continue to source the majority of its funding requirements from the domestic market to lessen the impact of currency fluctuations and continuously support local capital market development.** The revised full-year program was reduced by ₱261 million to ₱2.21 trillion given the positive economic outturn for the first semester while maintaining a 75:25 financing mix in favor of domestic borrowings.

National Government Debt

62. **The NG's total outstanding debt reached ₱12,791.83 billion (US\$232.71 billion) as of mid-year 2022.** For end-June 2022, the NG's total debt stock added ₱1,625.80 billion or 14.6 percent from its level a year ago. Of the total debt stock, 31.5 percent was sourced externally while 68.5 percent are domestic borrowings in line with the domestic focus of the issuance strategy.
63. **The Debt-to-GDP ratio was recorded at 62.1 percent as of end-Q2 2022, improving from 63.5 percent for end-Q1 2022 as the economy continues to recover from the impact of the health crisis.** Nevertheless, prudent debt management strategies have sustained resiliency against inherent risks.
64. **As of end-June 2022, local currency debt accounted for 68.31 percent from 69.48 percent as of end-December 2021 due to the effect of local currency depreciation on the value of external debt.** Foreign currency debt consisted of US\$, JP¥, EUR, and other currencies which comprised 25.56 percent, 3.37 percent, 2.58 percent, and 0.18 percent of the total, respectively. The higher weighted average interest rate (WAIR) reflects the effects of heightened inflation and global

monetary policy tightening. Portfolio WAIR as of end-Q2 2022 was at 3.94 percent from 3.86 percent at the start of the year. Both domestic and external WAIR increased to 4.47 percent and 2.79 percent from 4.35 percent and 2.77 percent, respectively, over the same period.

- 65. The debt portfolio maintains minimal exposure to interest rate volatility.** As of end-June 2022, only 11.13 percent of the debt stock is subject to re-fixing, mitigating the impact of abrupt shifts in the interest rate environment.
- 66. Issuance of longer tenor debt helps manage portfolio maturity and refinancing risks.** Broken down, the share of medium- and long-term securities were at 28.8 percent and 66.9 percent as of end-June 2022 from 26.6 percent and 66.6 percent at the start of the year, respectively, with short-term debt accounting for 4.3 percent down from 6.8 percent over the same period.

Table 10. National Government Debt

For the period indicated

(in million pesos)

Particulars	End-Dec 2021	End-June 2022	Difference	Variance
Total NG Debt	11,728,549	12,791,829	1,063,280	9.1%
External	3,558,135	4,024,719	466,584	13.1%
Domestic	8,170,414	8,767,110	596,696	7.3%
% of Total				
External	30.3%	31.5%		
Domestic	69.7%	68.5%		
% of GDP	60.4%	62.1%	1.70%	
External	18.3%	19.5%	1.22%	
Domestic	42.1%	42.6%	0.49%	
Total NG Debt by Instrument	11,728,549	12,791,829	1,063,280	9.1%
Loans	1,574,402	1,795,760	221,358	14.1%
Debt Securities	10,154,147	10,996,069	841,922	8.3%
Total NG Debt by Currency	11,728,549	12,791,829	1,063,280	9.1%
Peso Denominated	8,149,273	8,737,604	588,331	7.2%
Foreign Currency Denominated	3,579,276	4,054,225	474,949	13.3%
NG Debt by Maturity^{a/}	100.00%	100.00%		
Short-term	6.8%	4.3%		
Medium-term	26.6%	28.8%		
Long-term	66.6%	66.9%		
Interest Rate Mix	100.00%	100.00%		
Fixed	89.40%	88.52%		
Floating	10.23%	11.13%		
Interest Free	0.37%	0.34%		
Total Interest Payments^{b/}	208,533	257,215	48,682	23.3%
External	49,198	51,528	2,330	4.7%
Domestic	159,335	205,687	46,352	29.1%
% of NG Expenditures				
Total Interest Payments	9.45%	10.71%		
External	2.23%	2.15%		
Domestic	7.22%	8.56%		
% of NG Revenues				
Total Interest Payments	13.99%	14.89%		
External	3.30%	2.98%		
Domestic	10.69%	11.91%		
Memo Items				
GDP	19,410,568	20,589,601 ^{c/}		
Peso/USD	50.974	54.970	3.996	7.8%
Expenditures ^{d/}	2,206,424	2,401,712		
Revenues ^{d/}	1,490,358	1,727,492		

^{a/} Original maturity^{b/} Year-over-year comparison of year-to-date data^{c/} Annualized^{d/} January to June data

Source: Bureau of the Treasury

b.3 Expenditure Performance

- 67. The FY 2022 GAA or RA No. 11639 was enacted on December 30, 2021, serving as the last National Budget under the Duterte Administration.** The ₱5.024 trillion Budget provides the country with a financial blueprint in its priority shift from tackling the health crisis in the previous years to building resilience and supporting socio-economic recovery at present, while ensuring that the legacy of the Administration will be passed on to the future generations. Through National Budget Circular (NBC) No. 587²⁹ dated January 3, 2022, a total of ₱2.395 trillion or 82.8 percent of the ₱2.893 trillion programmed agency-specific budget were comprehensively released to various implementing agencies as early as the first working day of the year. This is by virtue of the GAA-as-Allotment Order policy (GAAAO) policy, allowing the early release of specific expenditure items which no longer require further details, additional documentary requirements, or compliance with certain conditions. The said policy essentially enables the agencies to start obligation of funds and implementation of programs, activities, and projects as soon as the budget becomes effective.
- 68. The total available appropriations for the year amounted to ₱5.393 trillion vis-à-vis- the ₱5.024 trillion budget level, with funds coming from the FY 2021 Continuing Appropriations, Unprogrammed Appropriations, and other Automatic Appropriations.** Of the said amount, ₱4.821 trillion was released to various NGAs, Government-Owned and - Controlled Corporations (GOCCs), and LGUs during the first six months of the year. Actual obligation for the period amounted to ₱2.842 trillion, representing 58.9 percent of the total allotment releases. This compares to the 57.2 percent obligation rate recorded for the same period in 2021 as line departments were faster to obligate this year following the early release of allotments and conduct of early procurement activities ahead of the election ban. Specifically, obligation rate of NGAs for the first semester this year was recorded at 56.4 percent from 52.6 percent for the same period last year. Meanwhile, total disbursements based on the Cash Operations Report (COR) of the BTr reached ₱2.402 trillion as of end-June 2022. *(The expenditure performance of select big-spending departments/agencies is discussed in Part IV of the Report.)*

²⁹ Entitled "Guidelines on the Release of Funds for FY 2022". <https://www.dbm.gov.ph/index.php/339-national-budget-circular-2022/2060-national-budget-circular-no-587#national-budget-circular-no-587>

Table 11. Statement of Appropriations, Allotment, Obligations, Disbursements, and Balances, January to June 2022³⁰*(In billion pesos, unless otherwise indicated)*

Particulars	Available Appropriations ^{a/}	Allotment Releases ^{b/}	Actual Obligations	Unobligated Balances	Obligation Rate ^{c/}	Disbursements ^{d/}
National Government Agencies	3,461.4	3,340.1	1,883.4	1,456.8	56.4%	1,556.2 ^{e/}
Special Purpose Funds (SPFs)	1,390.8	1,216.4	700.4	516.0	57.6%	576.7
GOCCs	192.9	173.4	173.4	-	100.0%	45.4
ALGUs	1,084.7	1,038.8	523.3	515.5	50.4%	531.3
Other SPFs/Cont. Appro.	113.2	4.3	3.7	0.5	87.4%	-
Automatic Appropriations	541.3	264.4	258.0	6.4	97.6%	268.8
Net Lending	28.7	7.2	0.7	6.4	10.3%	11.6
Interest Payments	512.6	257.2	257.2	-	100.0%	257.2
Other Automatic Appro.	0.0	-	-	-	-	-
Total	5,393.5	4,820.9	2,841.7	1,979.2	58.9%	2,401.7
<i>By Funding Source</i>	<i>5,393.5</i>	<i>4,820.9</i>	<i>2,841.7</i>	<i>1,979.2</i>	<i>58.9%</i>	<i>-</i>
Current Year	5,186.2 ^{f/}	4,636.7	2,745.3	1,891.4	59.2%	-
Continuing Appropriations	207.3 ^{g/}	184.2	96.4	87.8	52.3%	-

a/ Pertains to the FY 2022 GAA, FY 2021 Continuing Appropriations, Automatic Appropriations, and Unobligated Allotments. Includes adjustments per Special Provisions in the GAA, modification of allotment classes, and releases to implementing agencies from SPFs, Unprogrammed, and Automatic Appropriations.

b/ Includes FY 2020 Continuing Appropriations

c/ Percentage of obligations vs allotment releases.

d/ Based on the Cash Operations Report of the BTr. Include prior years' obligations/accounts payables, and Non-NCA expenditures.

e/ Includes P18.7 billion Tax Expenditure Subsidy.

f/ Includes P128.3 billion from Unprogrammed Appropriations.

g/ Include P140.6 billion Unobligated Allotments in 2021.

Source: Statement of Appropriations, Allotments, Obligations, Disbursements, and Balances of the DBM, and Cash Operations Report of the BTr.

69. NG disbursements as of the first semester of June 2022 reached ₱2,401.7 billion, up by ₱195.3 billion or 8.9 percent from the previous year's first semester level.

The strong disbursement performance for the period was attributed to the substantial growth in the i) transfers to LGUs (combined allotment and capital transfers) as a result of higher NTA shares and releases for the annual block grant to the BARMM and LGSF; ii) personnel services (PS) expenses owed to implementation of the third tranche of salary adjustments under the Salary Standardization Law (SSL V), as well as grant of the One COVID-19 Allowance to public and private health care workers (HCWs) and non-HCWs in health facilities involved in COVID-19 response; iii) infrastructure and other capital outlays; iv) interest payments; and v) maintenance and other operating expenses (MOOE). MOOE as of end-June 2022 grew to ₱393.2 billion, ₱21.0 billion or 5.6 percent higher when compared to the previous year on account of the expenditures by the Commission on Elections (COMELEC) for the conduct of the 2022 NLE, the implementation of Service Contracting Program and the Fuel Subsidy Program of the DOTr, the Government Assistance to Students and Teachers in Private Education (GASTPE) Program of the DepEd and the UAQTE Program of the CHED. Equity, on the other hand, was lower by ₱45.3 billion or 98.5 percent due to the completion of the one-time release of capital infusions to Government Financial Institutions (GFIs) in February 2021 for their credit assistance and lending programs under the *Bayanihan* II. Subsidies to GOCCs, likewise, contracted by

³⁰ First Semester 2022 Report as of September 7, 2022. Available at: <https://www.dbm.gov.ph/index.php/programs-projects/statement-of-allotment-obligation-and-balances>

₱43.6 billion or 49.4 percent y-o-y due to the timing of releases to the Philippine Health Insurance Corporation (PHIC) as the bulk of the subsidy for 2022 is expected to be credited during the second half of the year.

Table 12. National Government Disbursements, January to June 2022
(in billion pesos, unless otherwise indicated)

Particulars	2021 Actual	2022		Variance		Inc/(Dec)	
		Program ^{a/}	Actual	Amount	Percent	Amount	Percent
CURRENT OPERATING EXPENDITURES	1,615.5	1,784.9	1,794.7	9.9	0.6%	179.3	11.1%
Personnel Services	593.8	656.5	666.4	9.9	1.5%	72.5	12.2%
Maintenance & Other Operating Exp.	372.3	399.5	393.2	(6.2)	-1.6%	21.0	5.6%
Subsidy	88.3	52.5	44.7	(7.8)	-14.9%	(43.6)	-49.4%
Allotment to LGUs	337.0	413.8	414.5	0.7	0.2%	77.6	23.0%
Interest Payments	208.5	253.1	257.2	4.1	1.6%	48.7	23.3%
Tax Expenditure	15.6	9.4	18.7	9.3	99.3%	3.1	20.0%
CAPITAL OUTLAYS	584.2	680.6	595.4	(85.2)	-12.5%	11.2	1.9%
Infrastructure/Other Capital Outlays	426.7	529.3	477.9	(51.4)	-9.7%	51.2	12.0%
Equity	46.0	10.9	0.7	(10.2)	-93.6%	(45.3)	-98.5%
Capital Transfers to LGUs	111.5	140.3	116.8	(23.5)	-16.8%	5.3	4.7%
NET LENDING	6.8	11.7	11.6	(0.1)	-0.7%	4.8	70.3%
TOTAL DISBURSEMENTS	2,206.4	2,477.1	2,401.7	(75.4)	-3.0%	195.3	8.9%
<i>Memo items:</i>							
Revenues	1,490.4	1,648.4	1,727.5	79.1	4.8%	237.1	15.9%
(Deficit)	(716.1)	(828.7)	(674.2)	154.5	-18.6%	41.8	-5.8%
Infrastructure Disbursements ^{b/}	535.9	641.1	600.1	(41.0)	-6.4%	64.3	12.0%

^{a/} Program approved by the DBCC on May 24, 2022.

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

70. NG infrastructure and other capital outlay disbursements expanded by ₱51.2 billion or 12.0 percent higher than the last year's outturn amid the gradual full reopening of the economy and looser quarantine restrictions during the first semester of this year. This resulted from the payments made for completed and partially completed infrastructure projects of the DPWH, settlement of accounts payables of DA for the procurement of farm equipment and machineries under the Rice Competitiveness Enhancement Fund (RCEF) and DepEd's Basic Education Facilities (BEF), as well as the implementation of capital outlay projects under the Revised AFP Modernization Program (RAFPMP) of the Department of National Defense (DND). The overall infrastructure disbursements for this year, including the infrastructure components of subsidy, equity, and transfers to LGUs totaled ₱600.1 billion, up by ₱64.3 billion or 12.0 percent, accounting for 5.8 percent of GDP for the period. This compares to 5.9 percent of GDP registered for the first six months of last year, and the 5.5 percent of GDP full year program this year.

71. However, NG spending for the first six months of 2022 fell below the ₱2,477.1 billion program by ₱75.4 billion or 3.0 percent largely due to the restrictions in

the implementation of capital and maintenance expenditures following the election ban in late March up to early May. This is, however, narrower when compared to the recorded gap equivalent to ₱164.4 billion or 11.9 percent during the same period of a similar Presidential election year in 2016 as the government then transitioned from the Aquino III to the Duterte Administration. Capital transfers to LGUs were, likewise, below the program by ₱23.5 billion or 16.8 percent mainly due to the timing of the release of Special Shares of LGUs in the Proceeds of National Taxes³¹, yet to be credited equity infusion to the BSP³², and subsidy releases pending the submission of requests by the concerned GOCCs.³³

National Government Deficit

- 72. The deficit for the first half of the year clocked in at ₱674.2 billion, equivalent to 6.5 percent of GDP.** This is lower by ₱41.8 billion or 5.8 percent when compared to the outturn for same period last year as the government started to implement a fiscal consolidation strategy this year. When compared to the ₱828.7 billion program, the actual deficit for the period was lower by ₱154.5 billion or 18.6 percent due to the combined impact of higher-than-programmed revenues owing to the strict tax administration and modernization efforts of the BIR and BOC, as well as gradual reopening of the economy; and the lower-than-expected disbursements amid the election ban. Nonetheless, the deficit is expected to widen towards the end of the year as the implementing agencies catch-up with their spending commitments.

³¹ The amount was originally programmed in June 2022 but the release was already made in July 2022 following the transition to the new Administration.

³² Pending the opening of a Modified Disbursement Scheme (MDS) account for the purpose.

³³ Subsidy support to government corporations was below the ₱52.5 billion program by ₱7.8 billion or 14.9 percent. This was largely attributed to subsidies which are yet to be released pending the submission of a Special Budget Request (SBR), and other documentary requirements such as financial and physical accomplishment reports, and progress billings, among others by the concerned GOCCs.

IV. Expenditure Performance of Select Big-Spending Departments/Agencies, by Major Programs/Projects

Department of Agriculture

*Financial Performance*³⁴

Table 13. Financial Performance, DA, January to June 2022
(In billion pesos, unless otherwise indicated)

Department	January to June 2021 ^{a/}					January to June 2022 ^{b/}				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DA	61.3	30.2	14.0	49.2%	46.3%	75.7	46.5	19.8	61.4%	42.5%

^{a/} 2021 SAAODB, as of June 30, 2021

^{b/} 2022 SAAODB, as of June 30, 2022

- 73. The DA has already obligated more than half of its ₱75.7 billion total allotment for the first semester of 2022, surpassing its performance in the previous year despite the significantly higher allotment.** The Department's obligation rate increased by 12.2 percentage points, from 49.2 percent in 2021 to 61.4 percent in 2022, resulting in higher obligations by ₱16.4 billion against the same period in 2021. However, the disbursement performance slightly dipped from 46.3 percent to 42.5 percent, mainly accounted by the implementation of the Department's Rice Farmers Financial Assistance (RFFA). Of the RFFA's ₱8.9 billion allotment, while fully obligated, only ₱0.9 billion or 9.7 percent has been disbursed as the bulk of the allotments is targeted to be disbursed in the third quarter of this year.
- 74. The DA - Office of the Secretary (OSEC) continued to receive the lion's share of the Department's total allotment – at 76.2 percent or ₱57.7 billion as of June 2022 – and largely set the tone for the Department's performance.** The DA-OSEC reported a high obligation rate of 70.1 percent or ₱40.4 billion of its ₱57.7 billion allotment. However, the agency has much left to spend as its disbursement reached ₱15.1 billion for a disbursement rate of only 37.5 percent.

³⁴ For Section IV of this publication, the "Obligation Rate" is computed as Obligation over Allotment. Meanwhile, the "Disbursement Rate" is measured as the ratio of Disbursements to Obligation.

Table 14. Financial Performance, DA, Major Programs, January to June 2022
(In billion pesos, unless otherwise indicated)

Major Program	January to June 2021					January to June 2022				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
<u>DA-OSEC</u>										
National Rice Program (NRP)	16.0	11.1	2.6	69.6%	23.4%	15.9	13.4	5.1	84.5%	38.3%
National Corn Program (NCP)	1.6	1.2	0.4	74.5%	36.5%	1.6	1.2	0.6	79.0%	49.6%
National Livestock Program (NLP)	1.5	0.9	0.3	63.8%	36.2%	5.2	3.6	0.9	68.7%	24.1%
National High Value Crop Development Program (NHVCDIP)	2.4	1.6	0.6	66.9%	39.7%	1.6	1.2	0.5	73.9%	42.9%
National Organic Program	0.8	0.6	0.1	71.6%	16.6%	0.6	0.3	0.1	49.6%	42.8%
<u>DA-ACPC</u>										
Credit Facilities Program	2.7	1.6	1.6	57.3%	100.0%	2.5	1.3	1.3	51.8%	100.0%
<u>DA-BFAR</u>										
National Fisheries Program	4.3	2.2	1.4	51.3%	62.4%	3.9	2.2	1.4	56.1%	62.3%

75. Most of the DA's major programs reported improvements in their respective obligation and disbursement rates. The NRP, constituting the largest share of the DA's major programs with an allotment of ₱15.9 billion, improved its obligation and disbursement rates to 84.5 percent and 38.3 percent, respectively, during the first semester of this year, from 69.6 percent and 23.4 percent for the same period last year. Of particular note is the NLP's performance as it managed to improve its obligation rate to 68.7 percent from last year's 63.8 percent despite an increase of 354.9 percent in its allotment. However, the NLP's spending performance needs to improve as its disbursement rate fell to 24.1 percent from last year's 36.2 percent.

Physical Performance

Table 15. Physical Performance, DA-OSEC, January to June 2022

Particulars	January to June 2022			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
TECHNICAL AND SUPPORT SERVICES PROGRAM				
<i>Output Indicators</i>				
1. Number of Provinces and Chartered Cities provided with production support services and support to construct market-related infrastructure ^{a/}	--	--	--	--
2. Number of group beneficiaries provided with market development services	509	1,055	1,252	1,761

Particulars	January to June 2022			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
3. Number of extension workers trained to support the capacity of LGUs	7,694	23,113	7,619	24,265
a. LGU extension workers trained	3,721	7,960	2,796	6,764
b. Farmers, fisherfolks and other participants	3,973	15,153	4,823	17,501
AGRICULTURAL, MACHINERY, EQUIPMENT, FACILITIES AND INFRASTRUCTURES PROGRAM				
<i>Output Indicators</i>				
1. Number of Provinces and Chartered Cities provided with agricultural machinery, equipment, facilities, and small-scale irrigation projects (SSIP) ^{b/}	--	--	--	--
2. Number of hectares of service area generated from the establishment and installation of SSIP	207.00	1,672.00	87.00	813.00
3. Number of kilometers of Farm-to-Market Roads (FMRs) validated for construction/rehabilitation	260.04	136.04	595.30	16.50
4. Percentage of DPWH-constructed FMRs monitored	100%	100%	100%	100%
AGRICULTURE AND FISHERY POLICY PROGRAM				
<i>Output Indicators</i>				
1. Number of policies supported and endorsed for approval	21	21	21	14
AGRICULTURE AND FISHERY REGULATORY SUPPORT PROGRAM				
<i>Output Indicators</i>				
1. Percentage of applications for quarantine and sanitary and phytosanitary (SPS) clearance processed within one (1) day ^{d/}	--	--	--	--
2. Number of agri-fishery standards developed	--	9	--	10
3. Percentage of new agriculture facilities and products that have been inspected at least once a year ^{d/}	--	--	--	--
LOCALLY-FUNDED AND FOREIGN-ASSISTED PROGRAM				
<i>Output Indicators</i>				
1. Percentage of amount of approved FMR sub-projects to the total amount of FMR allocation ^{e/}	--	--	--	--

^{a/} Physical target of 82 is committed in the 4th Quarter as submitted by the DA.

^{b/} Physical target of 83 is committed in the 4th Quarter as submitted by the DA.

^{c/} Physical target of 100% is committed in the 4th Quarter as submitted by the DA.

^{d/} Ibid.

^{e/} Ibid.

Source: DA-OSEC's Quarterly Physical Report of Operations, as of June 30, 2022

76. The DA met their first-semester targets to capacitate more farmer groups and extension workers on market development services and support services, respectively, under its Technical and Support Services (TSS) Program. This is indicated

by the Department linking a total of 3,013 farmer groups to various market opportunities (e.g. festivals, anniversaries, mall and hospital sites) through the KADIWA program. The Department exceeded their first semester targets for the program by almost double due to their extensive collaboration with different stakeholders from both the public and private sectors. The DA also trained a total of 31,884 extension workers, surpassing its targeted 30,807 participants. Broken down by recipient, 9,560 are LGU workers while 22,324 are farmers, fisherfolk and other participants. This has been done despite the Department having some difficulties in enlisting resource person/s for face-to-face activities.

- 77. **By contrast, only one out of three of the DA’s mid-year targets for infrastructures program was met.** The DA established and installed 284 units of SSIPs, generating a service area totaling 900 hectares, or 47.9 percent of the targeted 1,879 hectares. They reported that the implementation of the remaining 285 SSIP units was delayed due to logistical, documentary and scheduling constraints encountered by the recipients. On the other hand, the DA was able to validate all 565 FMR subprojects (SPs) targeted for the year but only 611.8 km or 98.1 percent of the targeted SPs, were determined to be feasible for construction/rehabilitation. Three (3) SPs must be replaced because they were redundant or non-compliant with guidelines, while five (5) SPs were shortened due to the necessary additional works or inaccessibility. Nevertheless, the DA and DPWH jointly monitored 283.4 km from 264 FMR SPs, resulting in a 100 percent accomplishment rate for the indicator.
- 78. **Similarly, the DA was unable to meet its targets under the Agriculture and Fishery Policy Program, as only 35 out of 42 policies were endorsed for approval.** However, the DA has already begun finalizing the remaining seven (7) policies as of June 2022, for the endorsement and approval of the DA Secretary under the new Administration.
- 79. **Conversely, the DA was successful in the implementation of its regulatory support program, developing ten (10) agri-fishery standards vis-à-vis its target of nine (9).** The standards covered a wide range of items, including those for livestock, crops, and processed agricultural goods. The development of the standards on Onion-Product Standard-Grading was ahead of time due to the migration of the process of standard development to online platforms.

Table 16. Physical Performance, DA-ACPC and BFAR, January to June 2022

Particulars	January to June 2022			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
<u>ACPC</u>				
AGRICULTURAL CREDIT PROGRAM				
<i>Output Indicators</i>				
1. Amount of loans ^{a/} granted to credit retailers/lenders and to end-borrowers				
a. Credit retailers/lenders	500	800	504.22	799.35
b. End-borrowers	250	650	110.58	716.63

Particulars	January to June 2022			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
2. Number of credit program orientations and credit matching seminars and workshops conducted	6	9	9	30
3. Number of farmers and fisherfolk organizations provided with institutional capacity building assistance	35	35	37	38
BFAR				
FISHERIES DEVELOPMENT PROGRAM				
<i>Output Indicators</i>				
1. Number of beneficiaries provided with aquaculture support/supply				
a. Number of individuals	4,296	5,136	9,183	15,123
b. Number of fisherfolk groups	240	200	213	454
2. Number of beneficiaries provided with postharvest support/supply				
a. Number of individuals	6	42	9	184
b. Number of fisherfolk groups	32	47	3	64
3. Number of beneficiaries provided with environment-friendly fishing gears/paraphernalia				
a. Number of individuals	269	507	403	2,309
b. Number of fisherfolk groups	1	5	4	231

Source: DA-ACPC and BFAR's Quarterly Physical Report of Operations, as of June 30, 2022
a/ In million pesos

- 80. The Agricultural Credit Program of the Agricultural Credit Policy Council (ACPC) was efficiently managed as the agency again exceeded most of its targets.** The agency issued loans amounting to ₱1.3 billion to credit retailers/lenders and ₱827.2 million to end-borrowers as of June 2022. It should be noted, however, that the ACPC failed to meet its total first semester target for the amount of loans issued to end-borrowers. The agency explained that as of the preparation of the report, only the loans issued from April to May 2022 were reported as the uploading and submission of Loan Disbursement Reports is still on-going. In terms of capacity building activities, the agency conducted a total of 39 credit program orientations and credit matching seminars and workshops while 75 farmers and fisherfolk organizations were provided with institutional capacity building assistance, with accomplishment rates of 260.0 percent and 107.1 percent, respectively. The overperformance was due to the ACPC diligently accommodating additional requests for assistance/trainings.
- 81. The Fisheries Development Program showed massive improvement from the previous year as the Bureau of Fisheries and Aquatic Resources (BFAR) intensified its efforts and conducted advance procurement.** The agency met its targets for the provision of aquaculture support/supply to 24,306 individuals and 667 fisherfolk groups. Although the BFAR fell short of providing 79 fisherfolk groups with postharvest support/supply – giving support to only 67 groups – it vastly improved its provisions of the same to individuals by exceeding their targets fourfold. Finally, the agency reported the largest growth in its program for providing environmentally-friendly fishing gears and

paraphernalia, benefitting 2,712 individuals and 235 fishing groups, obtaining accomplishment rates of 349.5 percent and 3,916.7 percent, respectively, compared to 2021's 39.4 percent and 44.8 percent.

- 82. While the DA improved in its obligation performance, there may be a need to strengthen the link between its financial and physical performances.** It should be noted that while the Department only achieved 61.4 percent and 42.5 percent obligation and disbursement rates, respectively, it accomplished most of its physical targets. For instance, the TSS Program, which constitutes the bulk of the DA-OSEC's budget³⁵, reported a disbursement rate of only 43.6 percent but already met most, even exceeding, its targets for the semester.

³⁵ Net of the agency's Farm-to-Market Roads transfers to DPWH.

Department of Environment and Natural Resources

Financial Performance

Table 17. Financial Performance, DENR, January to June 2022

(In billion pesos, unless otherwise indicated)

Department	January to June 2021 ^{a/}					January to June 2022 ^{b/}				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DENR	26.3	13.8	9.4	52.6%	67.7%	27.4	14.8	10.5	54.0%	71.1%

^{a/} 2021 SAAODB, as of June 30, 2021

^{b/} 2021 SAAODB, as of June 30, 2022

83. The DENR has steadily improved its mid-year obligation rates from 46.8 percent in 2020, 52.6 percent in 2021, and 54.0 percent in 2022. Of the Department's ₱14.8 billion total obligation, ₱10.5 billion was disbursed equivalent to a disbursement rate of 71.1 percent. This is a slight improvement by 3.4 percentage points against the 67.7 percent disbursement rate reported as of end-June 2021.

Table 18. Financial Performance, DENR-OSEC and Attached Agencies, January to June 2022

(In billion pesos, unless otherwise indicated)

Particulars	Amount			BUR	
	Allotment	Obligation	Disbursement	Obligation	Disbursements
OSEC	20.4	11.6	8.3	56.9%	71.3%
EMB	3.9	1.3	1.0	33.7%	74.7%
MGB	1.5	0.8	0.6	52.5%	79.7%
NAMRIA	1.4	1.0	0.5	69.8%	55.6%
NWRB	0.1	0.1	0.1	58.5%	77.8%
PCSDS	0.1	0.1	0.1	45.8%	93.3%

84. Looking at the financial performance of the agencies under the DENR, the obligation rates remain relatively low, while the disbursement rates were generally consistent with the DENR's overall spending performance. None of the obligation rates exceeded 70.0 percent, with the two (2) biggest agencies, the DENR-OSEC and the Environmental Management Bureau (EMB) recording only 56.9 percent and 33.7 percent, respectively. Meanwhile, the agencies' disbursement performance remains broadly in line with the DENR's cumulative disbursement rate, except for the National Mapping and Resource Information Authority (NAMRIA) which registered 55.6 percent and the Palawan Council for Sustainable Development Staff (PCSDS) with 93.3 percent.

Table 19. Financial Performance, DENR-OSEC Major Programs, January to June 2022
(In million pesos, unless otherwise indicated)

Particulars	Amount			BUR	
	Allotment	Obligation	Disbursement	Obligation	Disbursement
National Greening Program	2,339.3	1,900.7	772.5	81.3%	40.6%
Pasig River Rehabilitation Program	104.2	63.3	27.2	60.7%	42.9%
Manila Bay Rehabilitation Program	1,798.4	1,438.8	1,205.4	80.0%	83.8%

85. Major programs under the DENR-OSEC, namely National Greening Program (NGP), Pasig River Rehabilitation Program (PRRP), and Manila Bay Rehabilitation Program, accounted for ₱4.2 billion or 20.6 percent of its ₱20.4 billion allotment. Of the three (3) major programs, the Manila Bay Rehabilitation Program registered budget utilization rates of above 80.0 percent for both obligation and disbursements. Meanwhile, the PRRP registered the lowest obligation rate at 60.7 percent, with the disbursement rate at only 42.9 percent. The NGP, with the highest allotment of ₱2.3 billion, reached the highest obligation rate with 81.3 percent, however, its disbursement rate was the lowest at 40.6 percent.

Physical Performance

Table 20. Physical Performance, DENR-OSEC, January to June 2022

Particulars	2022			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
NATURAL RESOURCES ENFORCEMENT AND REGULATORY PROGRAM				
<i>Output Indicators</i>				
1. No. of hectares of open-access/untenured lands of the public domain placed under appropriate management arrangement/tenure ^{a/}	--	--	879.34	215.28
2. Percentage of wildlife permits, certifications and/or clearance applications acted upon within 7 working days from date of receipt	80%	80%	147.50%	82.94%
NATURAL RESOURCES CONSERVATION AND DEVELOPMENT PROGRAM				
<i>Output Indicators</i>				
1. No. of terrestrial protected areas/wetlands/caves established/conserved				
Inland Wetlands ^{b/}	--	--	--	16
Caves ^{c/}	--	--	--	24
2. No. of critical habitats established and managed	7 managed	7 managed	0 established; 1 managed	0 established; 3 managed
3. No. of legislated NIPAS MPAS with Water Quality Assessment Monitoring conducted	12	14	8	17
4. No. of established Marine Protected Areas Network (within NIPAS MPA or with at least one NIPAS MPA component strengthened)	3	3	--	1
5. No. of residential free patents issued	3,898	7,031	3,935	7,700

Particulars	2022			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
6. Area of denuded and degraded forestlands/PAs decreased (in ha. cumulative)	75	4,208	--	2,814
7. No. of hectares planted area maintained and protected	146,939	146,939	100,342	126,108
8. Percentage of annual survival rate of seedlings planted ^{d/}	--	--	--	--
ENVIRONMENT AND NATURAL RESOURCES RESILIENCY PROGRAM				
<i>Output Indicators</i>				
1. No. of priority critical watershed supporting National Irrigation System characterized and vulnerability assessed	7	6	--	2

^{a/} No quarterly physical targets based on the DENR-OSEC's Quarterly Physical Report of Operations, as of June 30, 2022.

^{b/} Physical target of 17 is committed in the 4th Quarter as submitted by the DENR-OSEC.

^{c/} Physical target of 18 is committed in the 4th Quarter as submitted by the DENR-OSEC.

^{d/} No quarterly physical targets based on the DENR-OSEC's Quarterly Physical Report of Operations, as of June 30, 2022. The accomplishment on the full year target of 85.0% will be reported at the end of the year.

Source: DENR-OSEC's Quarterly Physical Report of Operations, as of June 30, 2022

- 86. Under its Natural Resources Conservation and Development Program (NRCDP), the DENR-OSEC planted a total of 2,331,369 seedlings covering 2,814 hectares (has.), a significant dive in the total area of denuded and degraded forestlands/protected areas (PAs)covered compared to 8,016 has. in the first half of 2021.** Similarly, it failed to maintain and protect the target of 146,939 has., of planted area for both the first and second quarter of the year. Additionally, only one (1) and three (3) critical habitats were managed for the first and second quarter, respectively, falling short of the target of seven (7) for the two quarters.
- 87. On the contrary, the DENR-OSEC already exceeded its full year target of 18 conserved caves by six (6), reaching 24 caves, and is just one (1) wetland away from fulfilling its target of 17 established wetlands for the year.** Likewise, 80.6 percent or 25 out of its full year target of 31 National Integrated Protected Area System (NIPAS) Marine Protected Areas (MPAs) goal was already achieved. Moreover, the Agency was able to establish one (1) out of its annual target of three (3) Marine Protected Areas Network during the first half of 2022.
- 88. The DENR-OSEC is advised to fast track its implementation of the NRCDP, particularly the NGP and the PRRP, considering that they constitute the biggest appropriations in the agency's budget.** This is meant to elevate the NRCDP's physical performance and in turn, improve the DENR-OSEC's spending performance, and achieve acceptable accomplishments by the end of the year.
- 89. The MGB exceeded six (6) out of its seven (7) mid-year targets for its output indicators. A total of 2,243 mining applications³⁶ have been timely acted upon which was 32.3 percent higher than its mid-year target.** This was attributable to the numerous

³⁶ Mining applications (including other mining rights-related applications) approved/denied/endorsed within the prescribed period.

applications from other mining related permits such as the Ore Transport Permit/Ore Transport Certificate (OTP/OTC). Also, the MGB was able to monitor 816 mining permits/contracts, 14.6 percent higher than its first semester target. Moreover, favorable weather conditions were also taken advantage of during the second quarter which yielded three (3) new mineral reservation areas assessed/endorsed for declaration, higher by one (1) mineral reservation area compared to its mid-year target. In contrast, the agency fell short by five (5) of its 33 targeted number of LGUs provided with information, education, and communication campaigns on geohazards. This was accounted by the campaign rescheduling, pending the appointment of the newly elected LGU officials.

Table 21. Physical Performance, DENR-MGB, January to June 2022

Particulars	2022			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
MINERAL RESOURCES ENFORCEMENT AND REGULATORY PROGRAM				
<i>Output Indicators</i>				
1. Mining applications (including other mining rights related applications) approved/denied/endorsed within the prescribed period	645	1,051	916	1,327
2. Number of mining permits/contracts monitored	314	398	421	395
MINERAL RESOURCES AND GEOSCIENCES DEVELOPMENT PROGRAM				
<i>Output Indicators</i>				
1. Percentage of total Philippine area surveyed for geology and mineral potential	1.10%	2.30%	1.00%	2.50%
2. No. of new mineral reservation areas assessed/endorsed for declaration	--	2	--	3
GEOLOGICAL RISK REDUCTION AND RESILIENCY PROGRAM				
<i>Output Indicators</i>				
1. No. of cities and municipalities where vulnerabilities and risk assessments were conducted	23	25	24	27
2. No. of LGUs (cities or municipalities) provided with information, education, and communication campaigns on geohazards	8	25	13	15
3. No. of LGUs assessed for groundwater resources and vulnerability	11	18	14	17

90. By just mid-2022, the EMB delivered an outstanding performance on its Information, Education and Communication Campaign by surpassing its year-end targeted number of materials/activities reproduced or disseminated, totaling nearly 1.8 million. Said performance is already 76.2 percent higher than its annual target of 1,020,000, largely due to the use of online platforms which greatly broadened its campaign coverage. The said campaign eyed to increase environmental awareness and knowledge on proper disposal of hazardous/hospital waste such as face masks and other PPEs being used in the fight for COVID-19 pandemic. Meanwhile, 36,699³⁷ or almost 65 percent of its

³⁷ Includes sites or facilities that were inspected more than once.

annual targeted site/facility or area inspections³⁸ in compliance with environmental quality standards and guidelines had already been met. It also exceeded its mid-year target of 7,538 projects by 22.9 percent, monitoring 9,262 projects in total based on ECC conditions with compliance reports already submitted.

Table 22. Physical Performance, DENR-EMB, January to June 2022

Particulars	2022			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
ENVIRONMENTAL ASSESSMENT AND PROTECTION				
<i>Output Indicators</i>				
1. No. of Project monitored based on ECC conditions with reports submitted	3,216	4,322	3,411	5,851
2. Information, Education and Communication materials developed and disseminated	253,877	256,591	684,618	1,112,639
3. No. of environmental research studies conducted for policy purposes ^{a/}	--	--	--	--
ENVIRONMENTAL REGULATIONS AND POLLUTION CONTROL				
<i>Output Indicators</i>				
1. Percentage of Permits, clearance, and certificates issued within the prescribed timeframe ^{b/}	--	--	--	--
2. No. of sites/facilities or area that have been inspected with report submitted ^{c/}	12,220	17,246	13,206	23,493
3. Percentage of cases/complaints acted upon within the prescribed timeframe ^{d/}	--	--	--	--
^{a/} Physical target of 1 is committed in the 4th Quarter as submitted by the DENR-EMB.				
^{b/} Physical target of 80 percent is committed in the 4th Quarter as submitted by the DENR-EMB.				
^{c/} Some sites/facilities were inspected more than once.				
^{d/} Physical target of 96 percent is committed in the 4th Quarter as submitted by the DENR-EMB.				

91. While both the EMB and MGB’s physical performance were commendable, it is highly recommended that their physical targets be revisited and reassessed as it is not reflective of their relatively low obligation rates. There seems to be a mismatch between the agencies’ physical and financial performance, as most of the targets of the EMB and MGB were achieved, with some already exceeding the full year targets, even with obligation rates of only 33.7 and 52.5 percent, respectively. Hence, the tighter linkage between the strategic and operational planning and budgeting should be pursued.

³⁸ With compliance reports already submitted.

Department of Education

Financial Performance

Table 23. Financial Performance, DepEd, January to June 2022

(In billion pesos unless otherwise indicated)

Department	January to June 2021 ^{a/}					January to June 2022 ^{b/}				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DepEd	609.5	278.1	263.2	45.6%	94.6%	640.2	300.4	285.1	46.9%	94.9%

^{a/} SAAODB (January 1 to June 30, 2021)

^{b/} SAAODB (January 1 to June 30, 2022)

- 92. DepEd received ₱640.2 billion worth of allotments to ensure that providing access to formal and non-formal basic education remains unhampered despite the prolonged COVID-19 pandemic.** The amount was broken down, as follows: PS – ₱511.1 billion (79.8 percent); MOOE – ₱110.5 billion (17.3 percent); and CO – ₱18.7 billion (2.9 percent). Of the total allotments, ₱13.2 billion is continuing appropriations. The allotment releases improved by 5.0 percent or ₱30.7 billion higher than the ₱609.5 billion allotment releases during the same period in 2021. On the other hand, an amount of ₱285.1 billion or 94.9 percent of DepEd’s total obligated budget was disbursed as of end-June 2022. The disbursement rate improved by 0.3 percentage point from the first semester of last year’s 94.6 percent, and translated to a ₱21.9 billion increase (8.3 percent growth) in the agency’s total disbursements when compared to the same period in 2021.
- 93. DepEd obligated ₱300.4 billion or 46.9 percent of its total allotted budget for the period recording a 1.3 percentage points improvement from 45.6 percent recorded during the same period in 2021, and an increase of ₱22.3 billion in nominal terms.** The bulk of DepEd’s obligation came from its PS requirements amounting to ₱255.6 billion. Other big-ticket items included the following programs: a) Government Assistance and Subsidies (GAS) – ₱10.3 billion; b) Flexible Learning Options (FLO) – ₱6.0 billion; c) DepEd Computerization Program (DCP) – ₱2.7 billion; d) School-based Feeding Program (SBFP) – ₱2.2 billion; and e) DepEd portion of the Basic Education Facilities (BEF) – ₱1.8 billion. Despite improved obligation rate y-o-y, it is noteworthy that the Department still recorded below 50 percent obligation performance with ₱339.8 billion unobligated allotment by the end of the period. This may be attributed to the low obligation rate of DepEd’s big-ticket programs: a) SBFP with 57.3 percent, b) DepEd portion of BEF with 39.7 percent, c) GAS with 36.4 percent, d) FLO with 35.0 percent, and e) DCP with 20.3 percent.

Physical Performance**Table 24. Physical Performance, DepEd, January to June 2022**

Particulars	January to June 2022		
	Full-Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
EDUCATION POLICY DEVELOPMENT PROGRAM			
<i>Output Indicators</i>			
1. No. of policies formulated, reviewed, and issued	52	33	63.5%
2. No. of education researches completed	560	--- a/	
BASIC EDUCATION INPUTS PROGRAM			
<i>Output Indicators</i>			
1. No. of new classrooms constructed	1,168	--- a/	
2. No. of equipment / tools procured for distribution:			
a. Science and Math	5,171,883 pieces	--- b/	
b. Technical and Vocational Livelihood (TVL)	175,209 pieces	--- b/	
c. ICT	45,669 packages	--- b/	
3. No. of newly-created teaching positions filled up	10,000	--- c/ d/	
INCLUSIVE EDUCATION PROGRAM			
<i>Output Indicators</i>			
1. No. of schools offering the following programs:			
a. ALIVE - public and private	4,617	--- a/	
b. IPED - public	3,070	--- a/	
c. SPED - public	19,143	--- a/	
2. No. of public schools provided with learning resources	44,984	--- a/	
SUPPORT TO SCHOOLS AND LEARNERS PROGRAM			
<i>Output Indicators</i>			
1. No. of learners benefitting from the School Based Feeding Program	1,723,808	954,014	55.3%
2. No. of grantees:			
a. Education Service Contracting (ESC)	1,149,975	--- a/	
b. Senior High School Voucher	1,383,730	--- a/	
c. Joint Delivery Voucher Program	89,300	--- a/	
EDUCATION HUMAN RESOURCE DEVELOPMENT PROGRAM			
<i>Output Indicators</i>			
1. No. of public school teachers and teaching-related staff trained	325,290	104,682	32.2%

^{a/} Targeted to be delivered or reported in the fourth quarter of 2022

^{b/} Targeted to be delivered or reported in the third quarter of 2022

^{c/} Targeted to be delivered or reported in the second semester of 2022

^{d/} DBM approved the creation of 9,548 teaching positions for the DepEd on May 6, 2022. Filling-up will commence on July 1, 2022

Source: Budget Accountability Report, as of June 2022

- 94. Deliverables under the Basic Education Inputs Program are ongoing procurement activities and are targeted to be delivered in the second semester of 2022.** As of June 2022, Science and Math, and Technical and Vocational Livelihood (TVL) equipment and tools' procurement activities are ongoing. Meanwhile, procurement documents for the ICT packages are being reorganized and rationalized to meet the needs of the intended recipients and maximize the benefits to reduce equipment duplication. The number of packages to be purchased increased from 45,669 to 75,061 ICT Packages.
- 95. The filling-up of 9,548 newly-created teaching positions is expected to commence in July 2022.** The DBM approved the creation of 9,548 teaching positions on May 6, 2022 and the DepEd will start hiring new teachers upon lifting of the election ban. The original 10,000 positions were not pursued because 705 positions for Science Teacher (SG-13) were created, which require a higher salary grade than the Teacher I (SG-11) and II (SG-12).
- 96. In addition, the Special Allotment Release Order (SARO) for the first batch of classroom construction for the BEF under the Basic Education Inputs Program was issued on June 2, 2022.** Hence, the obligation is expected to be incurred in the second semester of the year.
- 97. The SBFP has benefited 55.3 percent of target learners under the Support to Schools and Learners Program.** Nutritious food products and milk were provided to 954,014 and 554,030 severely wasted and wasted students³⁹, respectively, out of a total of 1,723,808 targeted students. Aiming to combat malnutrition and short-term hunger among children in public schools, the remaining learner-beneficiaries will be served from September to November of SY 2022-2023, in accordance with DepEd Order No. 31, s. 2021.
- 98. Some programs will be implemented in the second half of 2022, following the commencement of the school year in August.** These programs include Arabic Language and Islamic Values Education (ALIVE) Program; Last Mile Schools Program (LMS); Madrasah Education Program (MEP); National Indigenous Peoples Education (IPED) Program⁴⁰; Special Education (SPED) Program; Multi-grade Education Program. In addition, the implementation of the Education Service Contracting (ESC) Program and Senior High School Voucher Program (SHS VP) will commence in September 2022. Further, the funds for the Joint Delivery Voucher Program for TVL (JDVP-TVL) Program

³⁹ Per World Health Organization definition, wasting in children is a symptom of acute undernutrition, usually as a consequence of insufficient food intake or a high incidence of infectious diseases, especially diarrhea. Wasting in turn impairs the functioning of the immune system and can lead to increased severity and duration of and susceptibility to infectious diseases and an increased risk for death.

⁴⁰ The IPED program aims to provide basic education that is responsive to the IP's context, respects their identities, and promotes the value of their indigenous knowledge, skills, and other aspects of their cultural heritage.

shall be obligated as DepEd receives the official list of JDVP learner-beneficiaries for SY 2022-2023. Voucher certificates will be issued from September to October 2022.

- 99. Lastly, DepEd has achieved 32.2 percent of its commitment to provide training to 325,290 public school teachers and teaching-related staff.** DepEd conducted training for both National Educators' Academy of the Philippines (NEAP)- and non-NEAP recognized programs that benefited 104,682 teachers and teaching-related professionals as of the end of June 2022.

- 100. While the disbursements are expected to accelerate during the remaining months of 2022 as the Department completes the ongoing activities of most of its programs, the DepEd needs to implement necessary measures and catch-up plans to ensure that the targets will be met by the end of the year.**

Commission on Higher Education

Financial Performance

Table 25. Financial Performance, CHED, January to June 2022
(in billion pesos, unless otherwise indicated)

Department	January to June 2021 ^{a/}					January to June 2022 ^{b/}				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
CHED	36.0	4.9	3.7	13.5%	76.6%	27.6	5.1	1.3	18.3%	25.5%

^{a/} SAAODB (January 1 to June 30, 2021)

^{b/} CHED-submitted FAR No.1 as of June 30, 2022⁴¹

101. The CHED was allotted with ₱27.6 billion for the first semester including ₱3.3 billion from its continuing appropriations. This was ₱8.4 billion less than the ₱36.0 billion allotment releases for the same period in 2021. Meanwhile, CHED incurred an obligation of ₱5.1 billion or 18.3 percent which was higher compared to the ₱4.9 billion or 13.5 percent obligation rate for the same period last year. In addition, a hefty amount of ₱22.6 billion remained unobligated. Moreover, ₱1.3 billion or 25.5 percent of the obligated budget was disbursed in the first six months of 2022, a significant decrease from the 76.6 percent disbursement rate during the same period last year.

102. The low obligation performance was attributable to the ₱19.4 billion allotment for the UAQTE that was only released to CHED in June. Prior request for the release of funds was not favorably considered in view of the lack of additional supporting documents due to the election ban [i.e., submission of CHED Sworn Certification and Written Proof that the CHED projects are included in the list of authorized projects required to be submitted to the COMELEC. Disbursements are expected to pick up in the following quarters.

⁴¹ CHED Financial Performance, by Fund Source, January to June 2022
(in billion pesos, unless otherwise indicated)

Department	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
General Fund	26.60	4.58	1.11	0.17	0.24
SAGF a/	1.03	0.49	0.18	0.48	0.36

^{a/} Higher Education Development Fund (HEDF)

Source: CHED

Physical Performance

Table 26. Physical Performance, CHED, January to June 2022

Particulars	January to June 2022		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
HIGHER EDUCATION DEVELOPMENT PROGRAM			
<i>Output Indicators</i>			
1. No. of scholarships and student grants awarded	58,025	--- a/	
2. No. of faculty members provided with faculty development grants	2,300	--- a/	
3. No. of research, development and innovation project proposals funded	100	48	48.0%

^{a/} Accomplishment for the target is set on the second semester of 2022

Source: Budget Accountability Report (as of June 2022)

103. For the first six months of 2022, 48 project proposals from SUCs and private Higher Education Institutions (HEIs) were funded representing 48.0 percent of the CHED's target of 100 proposals. Of which, eight (8) new projects were approved for implementation during the first semester of 2022 under the Leading the Advancement of Knowledge in Agriculture and Sciences (LAKAS)⁴², namely: (1) Translating PCARI Project Outputs into Policies or Actions Towards Addressing Societal Scale Concerns, (2) eParticipation 2.1: Harnessing Natural Language Processing for Community Participation, (3) Phytochemical characterization of macroalgae for food and high value products (PhycoPRO), (4) "Real-time Monitoring and Early Warning for HABs Using High Throughput Imaging and Molecular Methods (HABs Watch)" project, (5) Chemical and Environment Portable Sensors and Transducers: Phase 2 (CE-PoST2), (6) Optimizing simulation-based education (SBE), training, collaboration and research – a focus on technology-driven teaching and learning strategies, (7) Isolation And Microencapsulation Of Starter Culture From Fermented Vegetables And Its Application To Non-Dairy Probiotic Drinks, and (8) Development of paper-based colorimetric sensor utilizing varied sizes of gold nanoparticles for rapid and on-site detection of various meat products spoilage. Moreover, six (6) PCARI-funded projects are ongoing implementation. On the other hand, the provision of scholarship and grants to 58,025 students and 2,300 faculty members are scheduled in the second half of 2022.

104. Lastly, while disbursements are expected to pick up during the remaining months of the year, CHED needs to implement necessary measures and catch-up plans to improve its financial performance. In addition, there may be a need to revisit and strengthen the link between its financial and physical performances for a more realistic and achievable target setting.

⁴² The LAKAS Program is the expanded and successor program of the Philippine-California Advanced Research Institute (PCARI) Program.

Department of Health

Financial Performance

Table 27. Financial Performance, DOH, January to June 2022
(in billion pesos, unless otherwise indicated)

Department	January to June 2021 ^{a/}					January to June 2022 ^{b/}				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DOH	241.4	116.6	70.9	48.3%	60.8%	239.7	83.4	58	34.8%	23.8%

a/ 2021 SAAODB (January 1 to June 30, 2021)

b/ 2022 SAAODB (January 1 to June 30, 2022)

- 105. The DOH was provided with a total allotment of ₱239.7 billion for the first half of the year to implement the Department's mandated function of ensuring access to basic public health services for all Filipinos.** This also included the preparation for the transition to the endemic phase of the COVID-19 pandemic. Compared to the same period last year, this was slightly lower by ₱1.7 billion or by 0.7 percent than the allotment of ₱241.4 billion. However, the total obligation amounted to ₱83.4 billion or 34.8 percent, which was lower than the obligation of ₱116.6 billion or 48.3 percent from the same period last year. Disbursement for the period was at ₱58.0 billion, lower in nominal terms by ₱12.9 billion but higher by 8.7 percentage points from the disbursement performance last year.
- 106. The poor obligation performance of the Department could be attributed to the low obligation of some of DOH-OSEC's major programs and projects.** Among these programs with low budget utilization rates⁴³ include a) Prevention and Control of Non-Communicable Diseases (less than 1.0 percent); b) Family Health, Immunization, Nutrition, and Responsible Parenting (3.5 percent); c) Prevention and Control of Communicable Diseases (10.6 percent); d) COVID-19 Laboratory Network Commodities (15.5 percent); and e) Operations of National and Sub-National Reference Laboratories (27.0 percent).
- 107. By implementing agency, the DOH-OSEC incurred almost the full share of the total obligation for the period at ₱83.2 billion or 99.8 percent.** On the other hand, both the National Nutrition Council (NNC) and Philippine National AIDS Council (PNAC) shared less than one percent at ₱158.5 million (0.19 percent) and ₱9.0 million (0.01 percent), respectively. In terms of disbursement performance, the NNC registered with the highest disbursement rate at 85.6 percent, followed by PNAC with 78.8 percent, and DOH-OSEC with 69.5 percent.

⁴³ Budget Utilization Rate computation is based on the obligation and allotment data from the DOH Financial Annual Report (FAR) No. 1 as of June 30, 2022.

Table 28. Financial Performance, DOH-OSEC and Attached Agencies, January to June 2022
(in billion pesos, unless otherwise indicated)

Department	January to June 2021 ^{a/}					January to June 2022 ^{b/}				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
OSEC	240.8	116.4	70.8	48.3%	60.8%	239.1	83.2	57.8	34.8%	69.5%
NNC	0.61	0.14	0.10	23.6%	69.3%	0.65	0.16	0.14	24.4%	85.6%
PNAC ^{c/}	-	-	-	-	-	0.04	0.01	0.01	25.3%	78.8%

a/ 2021 SAAODB (January 1 to June 30, 2021)

b/ 2022 SAAODB (January 1 to June 30, 2022)

c/ In 2022, the PNAC is an attached agency under the DOH by virtue of R.A. No. 11166.

108. For the first semester of the year, almost 70.0 percent of DOH-OSEC's total obligation⁴⁴ was accounted for by its major programs. These include the following: a) Operation of DOH Regional Hospitals and Other Health Facilities – ₱21.4 billion; b) NHWSS⁴⁵ - ₱9.1 billion; c) Assistance to Indigent Patients – ₱9.1 billion; d) HFEP – ₱8.2 billion; e) Operation of DOH Hospitals in Metro Manila – ₱7.6 billion; and f) Public Health Management – ₱1.8 billion; and g) Prevention and Control of Communicable Diseases – ₱1.1 billion.

109. The DOH-OSEC also received allotments for COVID-19-related expenditures⁴⁶. An allotment of ₱9.0 billion was provided for the compensation and other benefits of health workers in health facilities who contracted the disease, ₱7.9 billion for laboratory network commodities that include the procurement of PPE and COVID-19 testing auxiliaries, and ₱4.3 billion for the emergency hiring of human resources for health. In addition, the amount of ₱42.9 billion was released to the DOH-OSEC from foreign loans from the World Bank⁴⁷, Asian Development Bank⁴⁸, and Asian Infrastructure Investment Bank⁴⁹ to further scale up the pandemic response. Out of this amount, ₱574.7 million was obligated for the procurement of COVID-19 vaccine ancillaries and the construction or retrofitting of health facilities.

110. In addition, the PHIC was provided with an appropriation of almost ₱80.0 billion for the continued implementation of the NHIP. For the first half of the year, 84.1 percent or ₱67.3 billion of the appropriation was already obligated by the PHIC to cover the health insurance premiums of 8.5 million indigent families under the National Household Targeting System (NHTS) – ₱25.6 billion, 8.3 million senior citizens – ₱41.3 billion, and 136,030 unemployed persons with disability – ₱326.5 million.

⁴⁴ Data Source: DOH Financial Annual Report (FAR) No. 1 as of June 30, 2022.

⁴⁵ Formerly Human Resources for Health (HRH) Deployment.

⁴⁶ Data Source: DOH Financial Annual Report (FAR) No. 1 as of June 30, 2022.

⁴⁷ World Bank Philippines COVID-19 Emergency Response Project (PCERP).

⁴⁸ ADB Health System Enhancement to Address and Limit (HEAL) COVID-19.

⁴⁹ *Ibid.*

Physical Performance

Table 29. Physical Performance, DOH-OSEC, January to June 2022

Particulars	January to June 2022		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
HEALTH SYSTEMS STRENGTHENING PROGRAM			
Output Indicators			
1. Percent of partners provided with technical assistance on local health systems development	100%	97.4%	97.4%
2. Percent (& Number) of priority areas supplemented with Human Resource for Health (HRH) from DOH Deployment Program	100%	100.0%	100.0%
PUBLIC HEALTH PROGRAM			
Output Indicators			
1. Percent (& Number) of LGUs and other health partners provided with technical assistance on public health programs	100%	103.0%	103.0%
2. Percentage of received health commodities from the Central Office distributed to health facilities based on the allocation list	80%	97.0%	121.3%
EPIDEMIOLOGY AND SURVEILLANCE PROGRAM			
Output Indicators			
1. Percent (& Number) of outbreaks and health events of public health concern requiring investigations by the Regional Epidemiology and Surveillance Units (RESUs) and/or the Epidemiology Bureau (EB)	90.0%	100.0%	111.1%
2. Percent (& Number) of technical assistance, capacity development, and other support provided by EB and/or RESU	90.0%	102.0%	113.3%
HEALTH EMERGENCY MANAGEMENT PROGRAM			
Output Indicators			
1. Percent (& Number) of LGUs provided with technical assistance on the development or	100%	67.0%	67.0%

Particulars	January to June 2022		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
updating of Disaster Risk Reduction Management for Health (DRRM-H)			
HEALTH FACILITIES OPERATION PROGRAM			
Output Indicators			
1. Number of policies, manuals, and plans developed on health facility development	12	17	141.7%
2. Number of blood units collected by Blood Service Facilities	218,460	109,230	50.0%
3. Percent (& Number) of in-patients, out-patients, and aftercare drug abuse cases managed	100%	109.0%	109.0%
SOCIAL HEALTH PROTECTION PROGRAM			
Output Indicator			
1. Number of patients provided with medical assistance	1,500,000	778,010	51.9%

111. The DOH achieved more than 97.0 percent of its targets under the Health Systems Strengthening Program. This translated to the provision of 1,335 out of its targeted 1,370 partners with technical assistance on local health systems development. To further strengthen the healthcare system, the DOH ensured that the 1,634 identified priority areas were supplemented with HRH from its Deployment Program.

112. For the Public Health Program, the DOH surpassed its target and provided 1,572 LGUs and other health partners with technical assistance on public health programs. Relatedly, 97.0 percent of received health commodities from the Central Office were distributed to the health facilities based on the allocation list, exceeding its target of 80.0 percent for the semester. This translated to the distribution of 12.8 million out of the total 13.2 million health commodities.

113. In terms of the Department’s Epidemiology and Surveillance Program, the DOH surpassed 100.0 percent of its targets for the period. 1,126 outbreaks and health events of public health concern were investigated by the Regional Epidemiology and Surveillance Units (RESU) and/or the Epidemiology Bureau (EB), representing a 100.0 percent accomplishment rate for the semester. In addition, both the RESU and EB exceeded their target and provided 4,786 technical assistance, capacity development, and other support related to epidemiology and surveillance monitoring. In addition,

technical assistance was provided to institutionalize a Disaster Risk Reduction Management-Health (DRRM-H) System in LGUs. For the first half of the year, the DOH provided technical assistance to 66.5 percent or 946 out of its full-year target of 1,422 LGUs.

- 114. The ongoing transition of COVID-19 from a pandemic to an endemic stage continues to result in adjustments in standards and protocols in health facilities.** As a result, the DOH developed 17 policies/manuals/plans on health facility development for the first half of the year, exceeding its full-year target of 12 policy issuances. For its blood service facilities, 109,230 blood units were collected which represents 50.0 percent of its 218,460 target for the year. Moreover, 17,775 in-patients, out-patients, and aftercare drug abuse cases were managed for the period. This exceeded its target for the period by almost 9.0 percent which could be attributed to the lifting of restrictions for admission/enrollment to drug treatment and rehabilitation centers. The DOH also provided medical and financial assistance to 778,010 indigent and vulnerable patients seeking medication examination, consultation, treatment, and rehabilitation confined in government hospitals. This represents 51.9 percent of its full-year target of 1.5 million beneficiaries.
- 115. Finally, around ₱80.0 billion has been appropriated to PHIC for the continued implementation of the NHIP in 2022.** For the first half of the year, the amount of ₱67.3 billion was obligated by the PHIC for the payment of health insurance premiums of 8.5 million indigent families under the NHTS – ₱25.6 billion, 8.3 million senior citizens – ₱41.3 billion, and 136,030 unemployed persons with disability – ₱326.5 million.
- 116. Given its performance for the period, DOH needs to review its targets and harmonize the Department’s planning and budgeting processes to improve its financial and physical accomplishments.** It is noted that the Department only achieved obligation and disbursement rates of 34.8 percent and 69.5 percent, respectively, but it was able to accomplish most of its physical targets for the period. The review of the planning and budget linkage will ensure a more realistic and achievable target setting that would be commensurate with the Department’s financial performance.

Department of the Interior and Local Government

Financial Performance

Table 30. Financial Performance, DILG, January to June 2022
(in billion pesos, unless otherwise indicated)

Department	January to June 2021 ^{a/}				January to June 2022 ^{b/}			
	Allotment	Obligation	Disbursements	Oblig (BUR) / Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR) / Disb (BUR)
DILG	257.9	139.9	132.5	54.3% / 94.7%	294.1	160.8	149.7	54.7% / 93.1%

^{a/} 2021 SAAODB (January to June 30, 2021)

^{b/} 2022 SAAODB (January to June 30, 2022)

117. For the first semester of 2022, total obligations of the DILG amounted to ₱160.8 billion or 54.7 percent of its ₱294.1 billion total available allotment for the period. The Department's obligation rate of 54.7 percent is slightly higher than its obligation rate of 54.3 percent during the same period last year. Even though the disbursement rate from January to June of this year is 1.6 percentage points lower compared to the same period last year, the nominal amount of disbursements increased to ₱149.7 billion this year from last year's ₱132.5 billion. Notwithstanding its more than 50.0 percent obligation rate for the first half of the year, the Department has been advised to prepare catch-up plans, to make sure that the allotments would be fully obligated by the end of this year.

Table 31. Financial Performance, DILG-OSEC and Attached Agencies, January to June 2022
(in billion pesos, unless otherwise indicated)

Department	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
PNP	229.0	129.2	121.9	56.4%	94.4%
BFP	32.3	16.6	13.4	51.5%	80.7%
BJMP	22.0	9.9	9.7	45.3%	97.9%
DILG-OSEC	7.4	3.3	3.1	45.0%	94.5%

Source: 2022 SAAODB, as of June 30, 2022

118. The Philippine National Police (PNP) accounted for 80.3 percent of the DILG's total obligations at ₱129.2 billion. This is followed by the BFP with ₱15.7 billion (9.7 percent), the BJMP with ₱9.9 billion (6.2 percent), and the DILG-OSEC with ₱3.3 billion (2.1 percent). As for their obligation rates, the PNP and BFP obligated more than half of their allotments, while the BJMP and DILG-OSEC obligated around 45.0 percent of the same. Furthermore, the PNP, BJMP, and DILG-OSEC posted higher than 94.0 percent disbursement rates, while the BFP settled at 80.7 percent.

Physical Performance**Table 32. Physical Performance, DILG-PNP, January to June 2022**

Particulars	January to June 2022		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
CRIME PREVENTION AND SUPPRESSION PROGRAM			
<i>Output Indicators</i>			
1. Number of foot and mobile patrol operations conducted	5% increase (15,976,617)	11,042,044	69.1%
2. Percentage change in National Index Crime Rate (NICR)	6% reduction	8.02%	133.7%
3. Percentage of crime incidents responded within 15 minutes (in urban areas)	100%	99.45%	99.5%
CRIME INVESTIGATION PROGRAM			
<i>Output Indicators</i>			
1. Number of crime investigations undertaken	522,400	85,701 ^{a/}	16.4%
2. Percentage of most wanted persons/high value targets arrested	5% increase (86.7%)	130.8% ^{a/} (7,037/5,380)	150.9%
3. Percentage of arrested persons within 30 days upon the receipt of the Warrant of Arrest	5% monthly arrest (76.95%)	136.89% ^{a/} (19,658/14,360)	177.9%

Source: Budget Accountability Report (as of June 2022)

^{a/}Data available for these indicators are for 1st Quarter only.

119. During the first half of 2022, the PNP carried out 11,042,044 foot and mobile patrol operations and responded to 99.5 percent of crime incidents within 15 minutes in urban areas. The 0.5 percent variance from the target represents crimes responded beyond 15 minutes in rural areas, due to inaccessibility of some barangays located in coastal areas, which are quite far from the municipal police stations. These efforts contributed to the 8.02 percent reduction in the average National Index Crime Rate (NICR). In addition, the PNP also conducted 85,701 crime investigations⁵⁰, which were instrumental in the arrest of 7,037 most wanted persons or high value targets (out of the 5,380 projected target). Furthermore, 19,658 of total arrests were made within 30 days upon the receipt of the Warrant of Arrest.

⁵⁰ Data available for these indicators are for 1st Quarter only.

Table 33. Physical Performance, DILG-BJMP, January to June 2022

Particulars	January to June 2022		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
INMATES' SAFEKEEPING AND DEVELOPMENT PROGRAM			
<i>Output Indicators</i>			
1. Improved safekeeping efficiency	99.98% of actual number of PDL	99.99%	100.01%
2. Percentage of inmates released within 24 hours of their release date	100% of actual number of PDL to be released	100% (23,730 PDL)	100.0%
3. Percentage of inmates provided with welfare and development services	80% of actual number of PDL	88.85% (121,853 PDL)	111.1%

Source: Budget Accountability Report (as of June 2022)

120. As of June 30, 2022, 99.9 percent of all Persons Deprived of Liberties (PDLs) are safely incarcerated, while 121,853 PDLs benefitted from the BJMP's various welfare and development services. Meanwhile, 23,730 or 100.0 percent of PDLs were released within 24 hours of their release date. Most of these PDLs were released upon serving their sentence, after payment of bail, having been acquitted/dismissed, due to good conduct time allowance (GCTA), or through probation and parole.

Table 34. Physical Performance, DILG-BFP, January to June 2022

Particulars	January to June 2022		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
FIRE PREVENTION MANAGEMENT PROGRAM			
<i>Output Indicators</i>			
1. Percentage of registered business establishments inspected against the total number of registered business establishments nationwide	100.0%	105.71% (1,521,393)	105.71%
2. Percentage of Fire Safety Inspection Certificate (FSIC)-rated buildings and structures that has not been the cause of fire incident (origin of fire) against the total number of FSIC-rated buildings and establishments nationwide	99.85%	99.95% (1,431,094)	100.1%
3. Percentage of buildings and establishments inspected within the prescribed time frame i.e. 3 ½ days from the receipt of Inspection Order (IO) of the Fire Safety Inspector (FSI) against the total number of buildings/establishments inspected nationwide	88.0%	99.98% (1,521,129)	113.6%
FIRE AND EMERGENCY MANAGEMENT PROGRAM			
<i>Output Indicators</i>			
1. Percentage of resolved cases with cause and origin determined within the prescribed time	85.0%	106.53% (7,114 out of 6,678 fire incidents responded)	125.3%
2. Percentage of suspected arson cases filed in court against total number of intentional fire incidents investigated	25.0%	51.89% (55 out of 106 arson cases)	207.6%
3. Percentage of households in disaster/calamity-affected barangays rendered with assistance	15.0%	100% (22,409,385 households)	666.7%

Source: Budget Accountability Report (as of June 2022)

121. As of end-June 2022, the BFP inspected 1,521,393 buildings and establishments nationwide. Of which, 1,521,129 or 99.98 percent were inspected within the prescribed time frame of three and a half (3 ½) days from the receipt of Inspection Order from the Fire Safety Inspector. Moreover, 1,431,094 or 99.95 percent of Fire Safety Inspection Certificate (FSIC)-rated buildings and structures had not been a cause of fire. In addition, the BFP filed 55 suspected arson cases in court and resolved 7,114 of cases with the cause and origin of fire determined within the prescribed time. Furthermore,

22,409,385 households in disaster/calamity-affected barangays were provided with assistance.

Table 35. Physical Performance, DILG-OSEC, January to June 2022

Particulars	January to June 2022		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
LOCAL GOVERNMENT EMPOWERMENT PROGRAM			
<i>Output Indicators</i>			
1. Number of LGUs provided with pertinent capacity-building/TA services on various governance areas	1,592 PCMs	1,591 PCMs	99.9%
LOCAL GOVERNMENT PERFORMANCE OVERSIGHT AND RECOGNITION AND INCENTIVES PROGRAM			
<i>Output Indicators</i>			
1. Number of LGUs provided with recognition/incentives in accordance to set timelines	All SGLG/ PCF qualifiers	N/A ^{a/}	N/A
2. Number of LGUs assessed on good local governance	1,653 PCMs	1,715 PCMs	103.8%

Source: Budget Accountability Report (as of June 2022)

^{a/}To be reported in the second semester of 2022.

122. On the other hand, the DILG-OSEC assessed the performance of 1,715 provinces, cities, and municipalities (PCM) on good local governance. They also provided 1,591 PCMs with pertinent capacity-building and technical assistance in various governance areas. The status of awarding of the Seal of Good Local Governance (SGLG) Incentives will be reported in the second semester of 2022.

123. It was observed that despite achieving a 54.7 percent obligation rate and 93.1 percent disbursement rate for the first half of the year, the Department has already achieved and even surpassed most of its physical targets. Hence, it is recommended that the DILG revisit the physical targets of the Department and improve its planning and budgeting linkage in order to set more realistic and achievable targets commensurate with its financial performance.

Department of Labor and Employment

Financial Performance

Table 36. Financial Performance, DOLE, January to June 2022

(in billion pesos, unless otherwise indicated)

Department	January to June 2021 ^{a/}					January to June 2022 ^{b/}				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DOLE	47.5	23.7	20.5	50.0%	86.5%	53.3	27.2	24.6	51.0%	90.2%

^{a/} SAAODB (January 1 to June 30, 2021)

^{b/} SAAODB (January 1 to June 30, 2022)

124. For the first semester of 2022, DOLE received an allotment of ₱53.3 billion, which was ₱5.8 billion higher than the ₱47.5 billion allotment releases during the same period in 2021. The y-o-y growth in allotment releases is 12.2 percent. DOLE obligated ₱27.2 billion, which was higher by ₱3.5 billion from the obligated budget during the same period in 2021. The obligated budget for the period is slightly above half of its total allotment of ₱53.3 billion. Moreover, the Department has disbursed ₱24.6 billion, recording a disbursement rate of 90.2 percent, an improvement from 86.5 percent during the same period last year.

125. The DOLE-OSEC and Department of Migrant Workers-Overseas Workers Welfare Administration (DMW-OWWA)⁵¹ combined for 91.3 percent of the Department's total obligations, amounting to ₱14.5 billion and ₱10.3 billion, respectively. The Livelihood Emergency Employment Program⁵² of the DOLE-OSEC obligated ₱11.8 billion (or 40.9 percent obligation rate) for the following programs: (1) TUPAD Program – ₱10.3 billion; (2) DOLE Integrated Livelihood Program (DILP) – ₱552 million; (3) Adjustment Measures Program (AMP) – ₱506 million; and (4) Government Internship Program (GIP) – ₱488 million. Out of the obligated budget for Livelihood Emergency Employment Program, ₱9.7 billion has been disbursed. On the other hand, the Emergency Repatriation Program (ERP)⁵³ under the DMW-OWWA obligated ₱9.4 billion (or 82.1 percent obligation rate) out of its ₱11.5 billion allotment releases. Of the said obligations, ₱9.3 billion has been disbursed equivalent to a disbursement rate of 99.1 percent.

126. Relatedly, the low obligation performance of the Department is directly-linked to the financial performance of DOLE-OSEC's major programs, with an obligation of ₱13.4

⁵¹ By virtue of RA No. 11641 also known as Department of Migrant Workers Act, OWWA was transferred to the newly-created DMW as its attached agency. However, under the FY 2022 GAA, the budget of OWWA is still lodged under the DOLE.

⁵² Data source: DOLE-OSEC data submitted to DBM Budget and Management Bureau-B (BMB-B)

⁵³ Data source: DMW-OWWA data submitted to DBM BMB-B

billion out of ₱32.8 billion allotment (40.8 percent). Moreover, the obligations for these programs only translated to about 78.2 percent of its financial plan⁵⁴ for the 1st semester of 2022. The Workers Protection and Welfare Program recorded an obligation of ₱12.7 billion out of the ₱30.9 billion allotment (41.2 percent) primarily for the Livelihood Emergency Program of the Department. Meanwhile, the Employment Facilitation Program obligated ₱321 million out of the ₱1.1 billion allotment (28.1 percent), for the Special Program for the Employment of Students (SPES) and JobStart Philippines Program. Lastly, the Employment Preservation and Regulation Program recorded an obligation of ₱320 million out of the ₱746 million allotment (42.9 percent).

Physical Performance

Table 37. Physical Performance, DOLE, January to June 2022

Particulars	January to June 2022		
	Full-Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
EMPLOYMENT FACILITATION PROGRAM			
<i>Output Indicators</i>			
1. No. of youth-beneficiaries assisted	78,912	57,482	72.8%
2. No. of qualified jobseekers referred for placement	1,500,000	1,408,179	93.9%
3. No. of individuals reached through Labor Market Information (LMI)	2,285,401	2,793,100	122.2%
EMPLOYMENT PRESERVATION AND REGULATION PROGRAM			
<i>Output Indicators</i>			
1. No. of establishments assessed (LLCS)	75,000	47,434	63.2%
2. No. of beneficiaries/workers served	572,162	522,780	91.4%
3. Disposition rate of cases handled, including requests for assistance	100%	85.6%	85.6%
WORKERS PROTECTION AND WELFARE PROGRAM			
<i>Output Indicators</i>			
1. No. of beneficiaries provided with livelihood assistance	24,040	31,151	129.6%
2. No. of beneficiaries served	2,709,896	2,919,945	107.8%
3. Percentage of individuals provided services within the prescribed process cycle time (PCT)	100%	100%	100.0%

Source: Budget Accountability Report (as of June 2022)

127. The Department already achieved at least 72 percent of its full-year targets under the Employment Facilitation Program in the first semester of 2022. The DOLE-OSEC assisted 57,482 youth beneficiaries, and referred 1,408,179 qualified jobseekers for placement through the network of Public Employment Service Offices (PESOs)

⁵⁴ As reported in DOLE-OSEC's Budget Execution Document (BED) No. 1.

translating to accomplishment rates of 72.8 percent and 93.9 percent, respectively. Meanwhile, the Department reached to 2,793,100 students, jobseekers, employers, and program partners through the Labor Market Information (LMI) with an accomplishment rate of 122.2 percent.

- 128. The Department has achieved at least 63 percent of all the physical targets under the Employment Preservation and Regulation Program.** The Department assessed and inspected 47,434 establishments under the Labor Inspection Program in accordance with General Labor Standards and Occupational Safety and Health Standards, representing a 63.2 percent accomplishment rate. Meanwhile, the DOLE served 522,780 beneficiaries through labor and employment education services (LEES) and workers organizations development program (WODP), translating to 91.4 percent accomplishment. On the other hand, the Department accomplished 85.6 percent disposition rate of cases, which includes requests for assistance for the period.
- 129. The DOLE exceeded all of its full-year targets under the Workers Protection and Welfare Program in the first semester of 2022.** The Department provided livelihood assistance to 31,151 beneficiaries while engaging in livelihood undertakings/enterprises, or enhancing their existing sources of income or livelihood – an accomplishment of 129.6 percent for the period. In addition, DOLE served 2,919,823 beneficiaries through various programs such as the TUPAD Program, GIP, AMP, Child Labor Prevention and Elimination Program (CLPEP), On-Site Services for OFWs, and Family Welfare Program (FWP) slightly exceeding the target at 107.8 percent performance on said commitment. Finally, the Department assisted and provided services to its clientele within the prescribed process cycle time (PCT) at 100.0 percent accomplishment rate.
- 130. While DOLE showed a remarkable physical performance with some of its major programs exceeding the full-year targets, it needs to revisit and strengthen the link between its financial and physical performances for a more realistic and achievable target setting.** It was observed that despite the Department’s recorded 51.0 percent obligation rate and 90.2 percent disbursement rate, it was able to accomplish at least 63 percent of its full-year targets, and even surpassed some of these targets during the first semester of 2022.

Department of National Defense

Financial Performance

Table 38. Financial Performance, DND, January to June 2022
(in billion pesos, unless otherwise indicated)

Department	January to June 2021 ^{a/}					January to June 2022 ^{b/}				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DND	267	152	112.1	56.90%	73.80%	296.6	169.4	126.4	57.10%	74.60%

^{a/} 2021 SAAODB (January to June 30, 2021)

^{b/} 2022 SAAODB (January to June 30, 2022)

131. As of end-June 2022, total obligations of the DND reached ₱169.4 billion or 57.1 percent of its available allotment of ₱296.6 billion. This is ₱17.5 billion more than the mid-year obligations last year. Similarly, ₱126.4 billion has been disbursed for the same period, which is ₱14.3 billion more than the disbursements made last year. Both obligation and disbursement rates for the first half of the year are slightly higher (by 0.2 percent and 0.8 percent, respectively) compared to the first half of last year. Obligations incurred for PS amounted to ₱108.9 billion and comprised 64.3 percent of the total obligations for the period.

Table 39. Financial Performance, DND General Headquarters, and AFP Main Service Branches, January to June 2022

(in billion pesos, unless otherwise indicated)

Department	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DND-PA	107.5	50.6	43.4	47.1%	85.6%
DND-GHQ	101.1	75.3	51.3	74.5%	68.1%
DND-PAF	37.4	19.3	11.0	51.8%	57.1%
DND-PN	35.1	15.5	12.8	44.1%	82.6%

Source: 2022 SAAODB (January to June 30, 2022)

132. Of the total DND allotment, ₱107.5 billion (36.3 percent) was released to the Philippine Army (PA). This is followed by the General Headquarters (GHQ) with ₱101.1 billion (34.1 percent), while the Philippine Air Force (PAF) and the Philippine Navy (PN) were allotted ₱37.4 billion (12.6 percent) and ₱35.1 billion (11.8 percent), respectively. As presented in Table 39, all four agencies reported good mid-year disbursement rates. However, DND-PA and DND-PN posted less than 50.0 percent obligation rates for the first half of the year.

Physical Performance

Table 40. Physical Performance, DND-PA, January to June 2022

Particulars	January to June 2022		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
LAND FORCES DEFENSE PROGRAM			
<i>Output Indicators</i>			
1	Number of tactical and ready reserve units		
	a. Tactical Battalions	240	222
	b. Ready Reserve Battalions	86	85
2	Percentage of operational readiness of tactical and ready reserve units		
	a. Tactical Battalions	85%	82%
	b. Ready Reserve Battalions	68%	82%
3	Average percentage of effective strength of tactical battalions that can be mobilized within one hour as directed by higher authorities	90%	90%

Source: Budget Accountability Report (as of June 2022)

133. Under its Land Forces Defense Program, the PA was already able to accomplish at least 92.5 percent of its full-year targets. The PA maintained 222 tactical battalions or 92.5 percent of its target of 240 and 85 Ready Reserve Battalions (RRB) or 98.8 percent of its target of 86. The operational readiness of the tactical battalions and RRBs are both posted at 82.0 percent. The 3.0 percentage point variance in the operational readiness of tactical battalions will be satisfied once programmed training activities are completed. On the other hand, the high accomplishment for the operational readiness of RRBs is attributed to the Readiness Condition (REDCON) of RRBs. In addition, 90.0 percent of effective strength of tactical battalions can be mobilized within one hour, as directed by higher authorities.

134. The PAF maintained 165 supportable aircraft and responded to 98.3 percent of flight directed mission in one hour. It also accomplished 52.5 percent of flying hours flown – more than half of its total flying hours for the whole year. This accomplishment rating reflects the PAF’s diligent efforts in sustaining the increase in operational tempo requirements in the Unified Commands, as well as in Military Pilot Training.

Table 41. Physical Performance, DND-PAF, January to June 2022

Particulars	January to June 2022		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
AIR FORCES DEFENSE PROGRAM			
<i>Output Indicators</i>			
1. Number of supportable aircraft maintained	173	165	95.4%
2. Percentage of accomplishment of one-hour response to flight-directed mission	90%	98.3%	109.2%
3. Percentage of flying hours flown	100%	52.5%	52.5%

Source: Budget Accountability Report (as of June 2022)

135. Meanwhile, the PN deployed and sustained 130 PN units, exceeding its target of 110 by 18.2 percent. Moreover, the PN sustained 138 Force-Level Support Services Units. On the other hand, only nine (9) PN units (26.5 percent of its full-year target of 34) were prepared for deployment. The shortfall may be attributed to the repairs of some vessels, which are still undergoing documentary procedures, and retraining activities in preparation for the deployment that is scheduled in the second semester of the year.

Table 42. Physical Performance, DND-PN, January to June 2022

Particulars	January to June 2022		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
NAVAL FORCES DEFENSE PROGRAM			
<i>Output Indicators</i>			
1. Number of PN units deployed and sustained for utilization/employment	110*	130	118.2%
2. Number of PN units prepared for deployment	34	9	26.5%
3. Number of Force-Level Support Services Units sustained	137	138	100.7%

Source: Budget Accountability Report (as of June 2022)

*As adjusted

136. Based on the DND’s performance for the period, it needs to revisit the Department’s planning and budgeting linkage for better targeting. This is evidenced by the 57.1 obligation rate for the first semester of the year that yielded more than 90.0 percent accomplishment rates in most of the Department’s physical targets. Revisiting the planning and budgeting linkage will ensure a more realistic and achievable target.

Department of Public Works and Highways

Financial Performance

Table 43. Financial Performance, DPWH, January to June 2022
(in billion pesos, unless otherwise indicated)

Department	January to June 2021 ^{a/}					January to June 2022 ^{b/}				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DPWH	592.7	444.5	162.9	75.0%	36.6%	879.7	702.2	229.1	79.8%	32.6%

^{a/} 2021 SAAODB, as of June 30, 2021

^{b/} 2022 SAAODB, as of June 30, 2022

137. As of June 30, 2022, the Department of Public Works and Highways (DPWH) received a total allotment of ₱879.7 billion, higher by ₱287.1 billion (i.e., 48.4 percent) y-o-y. Of the total allotment releases, it obligated ₱702.2 billion, of which ₱229.1 billion was disbursed, translating to obligation and disbursement rates of 79.8 percent and 32.6 percent, respectively. These are equivalent to an increase in obligation by ₱257.6 billion (i.e., 58.0 percent) and in disbursement by ₱66.2 billion (i.e., 40.7 percent).

138. While the changes are significant and positive in absolute terms, these cancel out in terms of budget utilization rates: the 4.8 percentage points increase in the obligation rate was offset by the 4.0 percentage points decrease in the disbursement rate. Still, the latter is near the 2021 rate despite the election ban on certain spending and public works from March 25, 2022 until May 8, 2022. Disbursements are expected to pick-up in the following semester, following the trend in the previous years. Nevertheless, moving forward, the DPWH is advised to formulate disbursement programs that proactively consider circumstances (i.e., from existing laws, rules, and regulations) that may affect its expenditures and disbursements.

Physical Performance

Table 44. Physical Performance, DPWH, January to June 2022

Particulars	2022			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
ASSET PRESERVATION PROGRAM				
<i>Output Indicator</i>				
1. Length (km) of maintained roads	85.907	289.935	39.228	76.636
2. Length (km) of rehabilitated / reconstructed / upgraded roads	18.286	61.716	-	7.149

Particulars	2022			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
NETWORK DEVELOPMENT PROGRAM				
<i>Output Indicators</i>				
1. Length (km) of newly constructed roads	91.036	307.247	-	0.110
2. Length (km) of widened roads	52.094	175.819	-	3.643
BRIDGE PROGRAM				
<i>Output Indicators</i>				
1. Total length (lm) and area (m2) of (new and replacement) constructed bridges	2,662.800; 24,603.25	8,986.950; 83,035.95	-	-
2. Number of maintained and rehabilitated bridges	23	76	21	64
FLOOD MANAGEMENT PROGRAM				
<i>Output Indicators</i>				
1. Number of constructed flood mitigation structures and drainage systems	72	242	3	16
2. Number of constructed / rehabilitated flood mitigation facilities with major river basins and principal rivers	35	118	-	11
LOCAL PROGRAM				
<i>Output Indicators</i>				
1. Number of projects (school buildings, multipurpose buildings, health facilities, water supply systems, FMRs, etc.)	18	59	-	4
CONVERGENCE AND SPECIAL SUPPORT PROGRAM				
<i>Output Indicators</i>				
1. Length (km) of access roads leading to airports constructed/improved	2.599	8.772	-	-
2. Length (km) of access roads leading to seaports constructed/improved	3.554	11.994	-	0.083
3. Length (km) of access roads leading to tourist destinations constructed/improved	29.542	99.703	1.050	10.099
4. Length (km) of access roads leading to industries	15.200	51.299	0.896	9.625
5. Various infrastructure in support of National Security, roads (km) and other infrastructure (no. of units)	0.538 14	1.814 46	- -	- 3
6. Length (km) of access roads leading to railway stations	0.259	0.873	0.112	0.078
7. Improvement of provincial bridges along provincial roads	1	4	-	1

139. During the first half of 2022, the DPWH barely achieved any target for most of its physical indicators in its six major programs: of the 16 indicators, only one⁵⁵ registered an accomplishment rate of above 80.0 percent, with majority realizing less than 50.0 percent of its targets, and some with none.

⁵⁵ Number of maintained and rehabilitated bridges.

140. This physical performance was a result of the numerous implementation challenges confronted by the agency. Among which are the following:

- a. Procurement activities were prohibited starting March 25, 2022 until May 8, 2022 in accordance with the COMELEC Resolution No. 10695⁵⁶;
- b. Increasing price of construction materials and equipment rental rates utilized for infrastructure projects;⁵⁷ and
- c. Issues on unresolved right-of-way problems and other legal concerns including relocation, procurement, difficulty in securing approvals/clearances from authorities and other agencies, peace and order situation, inclement weather, and approval of project documents.

141. The DPWH has been continuously improving and institutionalizing the quality of work by establishing a Quality Management System benchmarked with international standards. This entailed the roll out of Project and Contract Management Procedures and Application as a tool for monitoring and management. Nevertheless, with the Department’s poor physical performance in the first semester of the year, the DPWH needs to undertake catch-up measures to ensure that the targets will be met by year-end.

⁵⁶ In the Matter of Prescribing the Calendar of Activities and Periods of Certain Prohibited Acts in Connection with the May 09, 2022 National and Local Elections

⁵⁷ The Program of Work (POW)/Approved Budget for Contract (ABC)/Detailed Price Unit Analysis (DUPA) were recalculated. The Bids and Awards Committee (BAC) may issue notice of postponement and initiate amendment/updating of the approved ABC to consider the effect of circumstances stated in the preparation of POW/ABC/DUPA. If the increase in price materials caused the project to be no longer feasible, if not awarded, the BAC may declare failure of bidding and rebid the project. If the project was awarded, the contract may be terminated and rebid after updating the ABC.

Department of Social Welfare and Development

Financial Performance

Table 45. Financial Performance, DSWD, January to June 2022
(in billion pesos, unless otherwise indicated)

Department	January to June 2021 ^{a/}					January to June 2022 ^{b/}				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DSWD	210.7	80.4	54.3	38.2%	67.6%	228	99.4	78.2	43.6%	78.7%

a/ 2021 SAAODB (January 1 to June 30, 2021)

b/ 2022 SAAODB (January 1 to June 30, 2022)

142. For the first semester of 2022, the DSWD has obligated ₱99.4 billion or 43.6 percent of its ₱228.0 billion allotment. Despite the low obligation rate, it must be noted that the Department's performance improved by 5.4 percentage points compared to the 38.2 percent obligation rate recorded for the same period last year. The low obligation performance⁵⁸ was mainly attributed to the (i) withholding of cash grants to household beneficiaries under the Modified Conditional Cash Transfer (MCCT) Program; (ii) process-related issues, such as delays in the encoding of accomplishment in the Offline Monitoring and Assessment System (OMAS) due to the limited number of regional staff; (iii) incomplete submission of documentary requirements; (iv) ongoing validation of new registrants to some programs; and (v) decreased number of overseas Filipinos seeking help. In addition, some programs are still in their preparation stage and will be implemented in the second semester of 2022. On the other hand, ₱78.2 billion or 78.7 percent of the obligated amount was disbursed in the first semester of 2022.

Table 46. Financial Performance, DSWD Major Programs, January to June 2022
(in billion pesos, unless otherwise indicated)

Major Programs	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
4Ps	117.5	45.9	31.8	39.0%	69.4%
SLP	5.0	2.0	1.5	40.5%	74.0%
CRCF	2.2	1.1	0.7	47.6%	62.3%
SFP	4.2	1.2	0.1	28.1%	9.7%
SocPen	25.2	12.8	12.2	50.8%	94.9%
Implementation of the Centenarian Act	0.2	0.1	0.1	76.0%	97.2%
PSIFDC	42.9	19.8	18.4	46.3%	92.6%
Comprehensive Project for Street Children and Families	0.04	0.007	0.003	20.4%	44.4%
BangUN Program	0.2	0.1	0.02	79.4%	15.0%

⁵⁸ Reasons for low obligation performance are based on the Budget Accountability Report (BAR) No.1 of the DSWD from January to June 2022.

Major Programs	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
Social Welfare Services for Distressed OFWs	0.2	0.1	0.1	36.2%	74.7%
Disaster Response and Rehabilitation Program	2.2	0.7	0.5	32.8%	68.0%
QRF	2.1	1.4	1.0	63.1%	74.3%

Source: Financial Accountability Report (FAR) No. 1 (January to June 2022)

143. The following major programs contributed to the Department's obligations⁵⁹: (i) *Pantawid Pamilyang Pilipino Program (4Ps)* – ₱45.9 billion; (ii) Protective Services for Individuals and Families in Difficult Circumstances (PSIFDC) – ₱19.8 billion; (iii) Social Pension for Indigent Senior Citizens (SocPen) – ₱12.8 billion; (iv) Sustainable Livelihood Program (SLP) – ₱2.0 billion; (v) Quick Response Fund – ₱1.4 billion; (vi) Supplementary Feeding Program (SFP) – ₱1.2 billion; (vii) Services for Residential and Center-Based Clients – ₱1.1 billion; (viii) Disaster Response and Rehabilitation Program – ₱728.6 million; (ix) Bangsamoro Umpungan sa Nutrisyon (BangUN) Program – ₱137.3 million; (x) Implementation of the Centenarians Act of 2016 – ₱135.5 million; (xi) Social Welfare for Distressed Overseas Filipinos and Trafficked Persons Sub-Program – ₱87.7 million; (xii) Comprehensive Project for Street Children, Street Families, and Indigenous Peoples Especially Bajaus – ₱7.3 million.

Physical Performance

Table 47. Physical Performance, DSWD-OSEC, January to June 2022

Particulars	January to June 2022		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
PROMOTIVE SOCIAL WELFARE PROGRAM			
<i>Output Indicators</i>			
1. Number of Pantawid households provided with conditional cash grants	4,400,000	4,190,316	95.2%
2. Number of poor households assisted through the Sustainable Livelihood Program	153,684	4,573	3.0%
3. Number of households that benefited from completed KC-NCDDP sub-projects	2,500,000	47,261	1.9%
PROTECTIVE SOCIAL WELFARE PROGRAM			
SUPPLEMENTARY FEEDING PROGRAM SUB-PROGRAM			
<i>Output Indicators</i>			
1. Number of children in CDCs and SNPs provided with supplementary feeding	1,936,868	1,957,315	101.1%

⁵⁹ Figures are based on the Financial Accountability Report (FAR) No. 1 of the DSWD from January to June 2022.

Particulars	January to June 2022		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
2. Number of children/lactating mothers served through Bangsamoro Umpungan sa Nutrisyon (BangUN) Program	15,000 children; 7,000 pregnant and lactating mothers	5,780 children; 1,820 pregnant/ lactating women	38.5% 26.0%
SOCIAL WELFARE FOR SENIOR CITIZENS SUB-PROGRAM			
<i>Output Indicators</i>			
1. Number of senior citizens who received social pension within the quarter	3,835,066	3,339,298	87.1%
2. Number of centenarians provided with cash gift	1,281	1,111	86.7%
PROTECTIVE PROGRAM FOR INDIVIDUALS AND FAMILIES IN ESPECIALLY DIFFICULT CIRCUMSTANCES SUB-PROGRAM			
<i>Output Indicators</i>			
1. Number of children served through Alternative Family Care Program	1,693	1,069	63.1%
2. Number of beneficiaries served through Protective Services Program	1,389,339	1,871,806	134.7%
3. Number of clients served through the Comprehensive Program for Street Children, Street Families and Bajaus:			
a. Street Children at Risk	2,815	0	0%
b. Street Families	1,210	0	0%
SOCIAL WELFARE FOR DISTRESSED OVERSEAS FILIPINOS AND TRAFFICKED PERSONS SUB-PROGRAM			
<i>Output Indicators</i>			
1. Number of trafficked persons provided with social welfare services	2,000	833	41.7%
2. Number of distressed and undocumented overseas Filipinos provided with social welfare services	29,253	8,680	29.7%
DISASTER RESPONSE AND MANAGEMENT PROGRAM			
<i>Output Indicators</i>			
1. Number of LGUs with prepositioned goods	100% (16 Field Offices)	100% (16 FOs with prepositioned goods)	100.0%
2. Number of internally-displaced households provided with disaster response services	As the need arises	294,087	100.0%
3. Number of households with damaged houses provided with early recovery services	As the need arises	61,063	100.0%

Source: Budget Accountability Report No.1 (as of June 2022)

144. For the first semester of the current year, the DSWD provided educational grants, health allowances, and rice subsidies to 4,190,316 households who complied with the 4Ps conditionalities. The remaining 209,684 households account for those affected by

the withholding of cash grants for the MCCT beneficiaries. For the SLP, only 4,573 households were served due to process-related issues, such as the: (i) delay in the provision of implementation guidelines for the Zero Hunger Program – Program Convergence Budgeting (ZHP-PCB) component of the SLP, which then resulted in the lower number of beneficiaries accepted to the program; (ii) delay in the encoding of the OMAS due to the limited number of regional staff⁶⁰; and (iii) limited number of special disbursing officers. Nonetheless, the following catch-up plans are already being undertaken by the Department to improve the program’s performance: (i) immediate conduct of orientation on the ZHP-PCB implementation guidelines; (ii) harmonization of social preparation processes with implementation partners and stakeholders; and (iii) close coordination with LGUs on the preparation of data and information for targeting, among others. The release of SLP grants to program beneficiaries is scheduled to commence this September 2022. Similarly, 47,261 households benefitted from the 232 completed KALAHI-CIDSS-NCDDP sub-projects as of June 2022. It is noted, however, that these households are relatively few when compared to the target 2.5 million households for the year.

- 145. On the other hand, the Department provided hot meals to 1,957,315 children in enrolled in LGU-managed Community Development Centers (CDC) and Supervised Neighborhood Play (SNP).** The 20,447 or 1.1 percent positive variance is due to the increase in the number of enrollees in some LGUs, which were accommodated using the savings generated from the procurement of goods. However, only 5,780 children (38.5 percent of target) and 1,820 pregnant and lactating women (26.0 percent of target) were served through the BangUN Program. The feeding program was only initiated in one out of the five targeted provinces as of end-June 2022, while the feeding programs in the remaining four provinces will start in July 2022.
- 146. As for the Social Pension Program, the Department met at least 86.0 percent of its full-year targets as of the first semester.** The Department provided monthly social pension of P500.00 to each of the 3,339,298 indigent senior citizens aged 60 and above, representing 87.1 percent of its full-year target of 3,835,066. Furthermore, 1,111 centenarians⁶¹ out of the 1,281 target were provided with cash gifts.
- 147. Similarly, 1,069 children, including those placed under foster care and adoption, were served through the Alternative Family Care Program – equivalent to 63.1 percent of its 1,693 target for the year.** Meanwhile, 1,871,806 beneficiaries were served through the Protective Services Program. It should be noted that the Comprehensive Program for Street Children Families and Indigenous People, Especially Bajaus will be devolved to LGUs this year. Hence, the focus for the 1st semester was on devolution activities,

⁶⁰ Limited number of regional staff and special disbursing officers may be attributed to hiring delays due to the election ban.

⁶¹ Centenarians refer to persons who reached the age of 100 years.

such as orientations and technical assistance to the targeted LGUs based on the DSWD's Devolution Transition Plan (DTP). The provision of services under the program will commence by the 2nd semester of the year. On the other hand, the Department still provided assistance to 18 street children and 921 street families during the first semester using its FY 2021 Continuing Appropriations.

- 148. Meanwhile, 833 trafficked persons and 8,680 distressed and undocumented overseas Filipinos were provided with social welfare services for the period.** Compared to the full year targets, these translate to 41.7 percent and 29.7 percent accomplishment rates, respectively. The relatively low performance was attributed to the few cases referred to and received by the DSWD.

- 149. Lastly, under its Disaster and Response Management Program, the DSWD achieved all of its targets for the first semester of the year.** Disaster response services were provided to 294,087 households or 100.0 percent of the internally-displaced households, while early recovery services were given to 61,063 households or 100.0 percent of households with damaged houses. In addition, the Department has prepositioned relief goods, such as family food packs and clothing in all 16 Field Offices, to ensure faster delivery of relief supplies to families and individuals that will be affected by calamities.

- 150. Despite the low obligation rate for the first half of the year, the DSWD has achieved and even surpassed some of its physical targets.** Hence, the Department needs to revisit and improve its target setting vis-à-vis financial plans. In addition, there is a need for a catch-up plan noting the low physical accomplishments of the SLP and KC-NCDDP subprojects under the Promotive Social Welfare Program reflecting accomplishment rates of 3.0 percent and 1.9 percent, respectively.

Department of Transportation

Financial Performance

Table 48. Financial Performance, DOTr, January to June 2022

(in billion pesos, unless otherwise indicated)

Department	January to June 2021 ^{a/}					January to June 2022 ^{b/}				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
DOTr	76.5	43.1	14.6	56.3%	34.0%	123.5	89.0	28.5	72.0%	32.1%

^{a/} 2021 SAAODB, as of June 30, 2021

^{b/} 2022 SAAODB, as of June 30, 2022

151. The Department of Transportation (DOTr) matched the significant increase in its allotment in the first semester of 2022 with improvements in its obligation rate, jumping from 56.3 percent to 72.0 percent. The pronounced increase in the budget's allotment and obligation performance was largely attributed to the funding under the Unprogrammed Appropriations for its Foreign-Assisted Projects (FAPs). Releases from the UA added ₱49.8 billion to the Department's total allotments. Of the said UA releases, ₱43.7 billion or 87.8 percent was obligated. The Rail Transport Program dominated the Department's use of the UA, where ₱41.3 billion was obligated out of the program's ₱47.4 billion allotment. For instance, the NSCR System project received ₱39.6 billion from the UA, on top of its ₱3.9 billion regular budget. Of the said UA releases, ₱33.8 billion or 85.4 percent was obligated.

Table 49. Financial Performance, DOTr, UA-SFAPs, January to June 2022

(in billion pesos, unless otherwise indicated)

Particulars	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
Rail Transport Program	47.4	41.3	0.0	87.1%	0.0%
Maritime Infrastructure Program	2.4	2.4	0.0	100.0%	0.0%

Source: DBM

152. Although it is the FAPs that mainly boosted the obligation performance of the DOTr, they are also the main cause of the department's low disbursement. While there is a significant nominal increase (₱13.9 billion or 95.2 percent y-o-y), the DOTr's disbursement rate dropped to 32.1 percent from 34.0 percent rate for the same period in 2021. This may primarily be explained that no disbursements have been made from the Department's FAPs that were largely funded from the UA. However, it should be noted that the bulk of the claims under the UA-Support to FAPs (UA-SFAPs) were approved in the 2nd Quarter of the year and were subsequently obligated in the same quarter. As such, the disbursements are expected to pick up towards the latter part of the year.

Physical Performance**Table 50. Physical Performance, DOTr, January to June 2022 ^{al}**

Particulars	January to June 2022			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
RAIL TRANSPORT PROGRAM				
METRO RAIL TRANSIT (MRT) SUB-PROGRAM				
<i>Output Indicators</i>				
1. Compliance with approved timetable (90% efficiency)	90%	90%	100.16%	99.41%
2. Compliance with the peak-hour train availability requirements	90%	90%	104.75%	101.96%
3. Increase in average travel speed (kph)	56 kph	56 kph	34.46 kph	36 kph
RAILWAY CONSTRUCTION, REHABILITATION, AND IMPROVEMENT SUB-PROGRAM				
<i>Output Indicators</i>				
1. % completion of new railway system projects	29%	30%	30%	31.52%
2. % completion of expansion of existing railway system projects	4.5%	4.7%	3.79%	3.81%
AVIATION INFRASTRUCTURE PROGRAM				
<i>Output Indicators</i>				
1. % increase in passenger traffic	0.50%	1.00%	0.36%	0.36%
	(62,425,589)	(62,736,164)	(62,335,848)	(62,340,330)
2. % increase in cargo traffic (tons)	0.50%	1.00%	27.91%	102.59%
	(924,684)	(947,374)	(1,199,745)	(1,900,249)
MARITIME INFRASTRUCTURE PROGRAM				
<i>Output Indicators</i>				
1. No. of social port projects successfully bid out and obligated ^{b/}	-	-	-	-
2. No. of tourism port projects successfully bid out and obligated ^{c/}	-	-	-	-
MOTOR VEHICLE REGULATORY PROGRAM				
<i>Output Indicators</i>				
1. % of motor vehicle registration applications processed within the reglementary period as determined by the Department and reckoned upon the submission of complete documentary requirements	100%	100%	98.25%	102.00%
2. % of driver's license and permits issued within the reglementary period as determined by the Department and reckoned upon the submission of complete documentary requirements	100%	100%	63.91%	249.00%
3. No. of apprehension for which a Temporary Operator's Permit is issued and complaints acted upon	N/A	N/A	95,321	103,035
LAND PUBLIC TRANSPORTATION PROGRAM				
<i>Output Indicators</i>				
1. % of Certificate of Public Convenience / franchises applicants resolved / decided upon within the reglementary period	25.00%	47.00%	24.00%	49.00%

Particulars	January to June 2022			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
2. % of holders audited / monitored / penalized for non-compliance with the terms and conditions of the franchise	1.00%	3.00%	5.00%	12.00%
3. No. of policies formulated, developed, implemented, updated, and disseminated	55	110	71	143

^{a/} Based on the DOTr's Budget Accountability Report (BAR) – No. 1, as published on the DOTr website

^{b/} Physical target of 44 is committed in the 4th Quarter as submitted by the DOTr.

^{c/} No physical targets per the DOTr's Quarterly Physical Report of Operation (as of June 30, 2022)

Source: DOTr's Quarterly Physical Report of Operations, as of June 30, 2022 (Based on Agency Submitted BAR 1, subject for revision)

153. The mid-year targets of the DOTr's main programs were largely met, with the Rail Transport Program and Land Public Transportation Program achieving most of its quarterly targets. Under the Rail Transport Program, the Metro Rail Transit (MRT) sub-program reported an average of 99.8 percent compliance with its timetable, meeting the 18-train requirement to service peak hour numbers. However, it was unable to meet the average travel time requirements due to the speed restrictions set in several areas. Meanwhile, the Railway Construction, Rehabilitation, and Improvement sub-program reported faster quarterly progress vis-à-vis its targets in the completion of new railway projects, but saw slower progress for the expansion of existing railways as it encountered issues in its implementation timeline in view of the COVID-19 pandemic and funding gaps⁶².

154. Air traffic continued to improve due to the easing travel restrictions and resumption of airports operations nationwide, but still fell below the Department's expected growth. Nevertheless, airports were able to accommodate the 0.36 percent increase in passengers and the 102.59 percent increase in cargo tons that travelled by air during the second quarter.

⁶² The DOTr budget dropped from ₱150.8 billion in the FY 2022 NEP to ₱75.2 billion in the FY 2022 GAA, wherein the FAPs budget under the Department's rail projects also fell drastically by ₱89.3 billion.

Technical Education and Skills Development Authority

Financial Performance

Table 51. Financial Performance, TESDA, January to June 2022

(in billion pesos, unless otherwise indicated)

Department	January to June 2021 ^{a/}					January to June 2022 ^{b/}				
	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)	Allotment	Obligation	Disbursements	Oblig (BUR)	Disb (BUR)
TESDA	17.2	7.3	5.3	42.6%	72.5%	16.3	7.5	3.5	45.9%	46.5%

^{a/} 2021 SAAODB, as of June 30, 2021

^{b/} 2022 SAAODB, as of June 30, 2022

155. The Technical Education and Skills Development Authority (TESDA) was able to obligate ₱7.5 billion of its ₱16.3 billion allotment releases during the first half of 2022, higher by ₱133.0 million y-o-y despite having lower allotment releases. This translates to an improved obligation rate of 45.9 percent, higher by 3.3 percentage points than the 42.6 percent recorded in the same period last year.

156. However, the modest improvement in the obligation rate was offset by the TESDA's disbursement rate, plunging by 26.0 percentage points to settle at only 46.5 percent. This spending performance resulted in lower disbursements by ₱1.8 billion (i.e., 34.6 percent decrease) y-o-y, from the ₱5.3 billion registered in 2021 to ₱3.5 billion as of end-June 2022. It is therefore recommended for the TESDA to undertake measures to recoup the underperformance in order to improve the budget utilization rates by the end of the year.

Physical Performance

Table 52. Physical Performance, TESDA, January to June 2022

Particulars	2022			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
TECHNICAL EDUCATION AND SKILLS DEVELOPMENT POLICY PROGRAM				
<i>Output Indicator</i>				
1. Number of National, Regional/Provincial TESD plans formulated/updated		1 Semi-Annual Progress Report	Drafting of progress report ongoing	NTESDP Milestones 2018-2021 drafted
TECHNICAL EDUCATION AND SKILLS DEVELOPMENT REGULATORY PROGRAM				
<i>Output Indicators</i>				
1. Percentage of registered accredited TVET programs audited	4%	15%	8%	12.61%

Particulars	2022			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
2. Percentage of skilled workers issued with certification within 7 days of their application	90%	90%	95.46%	94.97%
3. Number of consultations, orientations and workshops for development of competency standards/training regulations	20	60	43	43
TECHNICAL EDUCATION AND SKILLS DEVELOPMENT PROGRAM				
<i>Output Indicators</i>				
1. Number of graduates from technical education and skills development scholarship programs	10,130	36,179	6,098	55,238
2. Number of training institutions/establishments/assessment centers provided with technical assistance	584	2,045	2,480 (1,879 TVIs & 601 ACs)	1,196 (1,134 TVIs & 62 ACs)
3. Number of TESDA Technology Institutions graduates	13,292	47,472	63,164	73,373
Source: TESDA's Quarterly Physical Report of Operations, as of June 30, 2022				

157. Of the TESDA's seven (7) targets for the period, three (3) were fully met (i.e., achieved for both quarters) with the remaining targets only partially accomplished (i.e., achieved only for a single quarter). The Authority was able to improve from its 2021 performance wherein it was only able to fully achieve two (2) targets, partially accomplish another two (2), and fell short for the remaining three (3).

158. Under the TESD Regulatory Program, the Authority met its quarterly target of 90.0 percent for the timely issuance of certification for skilled workers. The reported 95.5 percent and 95.0 percent accomplishment in the first and second quarter of 2022, respectively, is a significant improvement from the 77.3 percent and 78.6 percent for the comparable period last year. On the other hand, the actual accomplishments for the (1) conduct of compliance audits of registered accredited technical and vocational education and training (TVET) programs, and (2) conduct of consultations, orientations and workshops for development of competency standards/training regulations only exceeded the targets for the first quarter.

159. Of the TESDA's two (2) output indicators for its scholarship programs, one (1) was able to exceed the quarterly targets: 136,537 graduates (i.e., first quarter: 63,164 and second quarter: 73,373) were produced from TESDA Technology Institutions in the first half of 2022 versus the target of 60,764 graduates (i.e., first quarter: 13,292; second quarter: 47,472). Under its TESD scholarship programs, despite only partially meeting the targets, the Authority was able to overturn its previous year's poor performance, producing a total of 61,336 graduates (i.e., first quarter: 6,098; second quarter: 55,238).⁶³ While it failed to achieve the targeted 10,130 graduates in the first quarter of

⁶³ During the same period in 2020, said scholarship program was only able to produce 6,327 graduates.

2022, it exceeded its target by 52.7 percent (i.e., by 19,059 graduates) in the second quarter.

- 160. It was also able to provide 2,480 Technical Vocational Institutions (TVIs) and Assessment Centers (ACs) with technical assistance, more than four times the first quarter's target of 584 and almost five times the actual accomplishment of 501 y-o-y.** In the following quarter, only 58.5 percent of the target 2,045 TVIs and ACs was provided with technical assistance, half of its previous year's actual accomplishment (i.e., 52.0 percent of 2,302 TVIs and ACs).
- 161. Taking in consideration the actual physical accomplishments of the TESDA vis-à-vis its budget utilization rates, there seems to be a mismatch between its physical and financial performances.** This is in view of the attainment, even overperformance, of most of its physical targets while reporting budget utilization rates of lower than 50.0 percent. Hence, the Authority may have to revisit the factors in its target setting towards a more effective delivery of its mandated functions.

V. Macroeconomic, Growth, and Fiscal Outlook for the Rest of 2022

a. Macroeconomic Environment

- 162. The BSP's latest baseline forecast (as of September 22, 2022 monetary policy meeting) indicates that average inflation could settle above the upper-end of the 3.0 percent \pm 1.0 percentage point inflation target for 2022 and 2023.** Moreover, upside risks continue to dominate the inflation outlook. The potential impact of higher global non-oil prices, pending petitions for further transport fare hikes, the impact of weather disturbances on price of food items, as well as the sharp increase in the price of sugar are the major upside risks over the policy horizon. Meanwhile, the impact of a weaker-than-expected global economic recovery continues to be the main source of downside risks. Thus, the inflation assumption for 2022 was revised to 4.5 – 5.5 percent in the FY 2023 BESF.
- 163. Similarly, the DBCC adjusted the 364-day T-bill rate assumption for 2022 slightly upward to 2.5 – 4.0 percent from 2.0 – 3.5 percent.** The trend in the 364-day T-bill rate will continue to be influenced by the BSP's monetary policy stance and the government's fiscal position. The normalization of the BSP's monetary policy stance and withdrawal of its pandemic liquidity-enhancing measures could contribute to rising domestic interest rates. The further tightening of global liquidity conditions as the US Fed and major advanced economy central banks continue to raise policy rates will also drive up interest rates. Meanwhile, the NG is expected to pursue fiscal consolidation strategy over the medium term while continuing to support domestic economic recovery. This could limit the upward pressure on domestic interest rates.
- 164. The 180-day LIBOR assumption is, likewise, adjusted upward to 1.5 – 2.5 percent for 2022 from 0.3 – 1.3 percent.** The 180-day LIBOR assumption reflects the uptrend in foreign rates amid elevated global inflation. Central banks are expected to continue raising their policy rates to help contain the rising inflation due to elevated global commodity prices and broadening price pressures in some countries. The anticipated additional hikes in the US Fed funds rate and the trends in US inflation could affect the future path of 180-day LIBOR.⁶⁴
- 165. Given the recent depreciation of the peso, the DBCC adjusted the low-end of the peso-dollar rate assumption for 2022 from ₱48.00–53.00/US\$1 to ₱51.00–53.00/US\$1.** The aggressive monetary policy tightening by the US Fed as well as increased market risk aversion amid the Ukraine-Russia conflict could pose further

⁶⁴ The Financial Conduct Authority (FCA) previously announced that the publication of the 180-day LIBOR will stop after June 30, 2023. Source: FCA Press Release. (March 5, 2021). *Announcements on the end of LIBOR*. www.fca.org.uk/news/press-releases/announcements-end-libor.

depreciation pressures on the peso. The projected widening of the trade gap amid improving domestic demand and uptick in global oil prices could, likewise, imply depreciation pressure on the peso-dollar rate. Nonetheless, the peso will continue to be supported by structural foreign exchange inflows through recovery in tourism revenues, Business Process Outsourcing (BPO) receipts, and overseas Filipino (OF) remittances. In addition, the BSP's monetary policy normalization could help reduce the interest rate differential, tempering depreciation pressures. At the same time, ample international reserves could continue to provide cushion on the peso-dollar rate.

166. Global oil market prospects indicate that oil prices will remain elevated for the rest of 2022. Hence, the DBCC adjusted upward the per-barrel Dubai crude oil price assumption for 2022 from US\$50.00 – 70.00 to US\$90.00 – 110.00. The global oil price outlook remains highly uncertain and would be influenced by global oil demand conditions amid downgrades in global growth forecasts and potential resurgence in COVID-19 cases. At the same time, the policy decisions of the OPEC and its allies and the ability of its member-countries to reach production quotas, the capacity of US oil producers to accelerate oil drilling activities as well as the coordinated release of petroleum supplies from strategic reserves in the US and Europe could affect global oil supply. The impact of existing and potential additional sanctions on Russian oil and gas would, likewise, continue to add uncertainties around global oil supply.

167. Following an upbeat outturn in 2021 and so far in 2022, the 7.0 percent⁶⁵ growth forecast for goods exports reflects a moderation in the outlook for the rest of the year amid lingering supply constraints, high input costs, and prospects of weaker global demand. Recent forecast releases on the global economy indicate rising uncertainty as risks begin to materialize and point to a slowdown in overall activity amid elevated inflation, tighter financial conditions due to policy normalization, and the anticipated slowdown in China's recovery. The negative spillovers from the geopolitical conflict in Ukraine also added to commodity price pressures and further intensified supply disruptions.

168. Nonetheless, telecommunication electronics exports could continue in 2022 as countries have not fully recovered from the pandemic and entail higher consumption of data and broadband usage. The prospects for mineral exports are, likewise, seen to be supported by record-high prices amid supply disruptions and geopolitical tensions. According to the World Bank's April 2022 Commodity Markets Outlook, world prices of mineral ores and base metals are seen to grow y-o-y by 15.8 percent and 22.2 percent, respectively, due to the impact of continuing geopolitical conflict between Ukraine and Russia. However, a limiting factor for prices and demand could be the slowdown in China's economy. Risks of renewed COVID-19 lockdowns in China and real estate downturn could hinder consumption recovery and dampen private sector growth.

⁶⁵ As approved by the DBCC on July 8, 2022. The Monetary Board (MB) however approved on September 16, 2022 the revised forecasts on goods exports and imports growth, as part of the Q3 2022 assessment of the balance of payments (BOP) projections.

- 169. Meanwhile, imports of goods are seen to grow more robustly at 18.0 percent,⁶⁶ after the strong first quarter of 2022 outcome which stemmed mainly from the surge in international commodity prices and continued recovery in domestic demand.** The imports outlook took into account the Philippine economic growth prospects, and the projected surge in commodity prices amid the disruptive effects of the war in Ukraine on global supply. Further reopening of the economy influenced by the sustained downward trend in COVID-19 cases and vaccination of the target population is seen to bolster consumer and business sentiment while the resumption of economic activities will strengthen private consumption.
- 170. While future waves of COVID-19 cases can be seen as less economically disruptive, downside risks to trade growth remain, which could stem from the continuing challenges in global supply chains, tighter external financial conditions, and debt sustainability concerns.** Moreover, potentially wider deterioration of the geopolitical environment could give further rise to protectionism. Some countries have resorted to restricting trade flows of certain products as a way to ensure their own domestic supply. The WTO urged its members that turning inward in a time of crisis will only encumber the task of building a durable economic recovery from COVID-19.

b. Growth Outlook

- 171. The International Monetary Fund (IMF)⁶⁷ expects global economic growth to slow down to 3.2 percent in 2022 and 2.9 percent in 2023** (from an earlier forecast of 3.6 percent for 2022-2023). For 2022, the downward adjustment mainly reflected the economic damage from the Russian invasion of Ukraine. Other global developments, such as the persistent tightening in global financial conditions, sharper-than-anticipated deceleration in China, and the incessant threat of new strains of COVID-19 virus, tilt risks to the downside.
- 172. The International Monetary Fund (IMF)⁶⁸ expects global economic growth to slow down to 3.2 percent in 2022 and 2.9 percent in 2023** (from an earlier forecast of 3.6 percent for 2022-2023). For 2022, the downward adjustment mainly reflected the economic damage from the Russian invasion of Ukraine. Other global developments, such as the persistent tightening in global financial conditions, sharper-than-anticipated deceleration in China, and the incessant threat of new strains of COVID-19 virus, tilt risks to the downside.
- 173. The latest real GDP growth outturn has brought the S1 2022 growth to 7.8 percent. However, the second half of 2022 might be weaker largely due to external headwinds.** Given these, the DBCC on July 8, 2022 revised its 2022 growth projections downward to 6.5 to 7.5 percent from an earlier target range of 7.0 to

⁶⁶ Ibid.

⁶⁷ International Monetary Fund, World Economic Outlook, July 2022.

⁶⁸ International Monetary Fund, World Economic Outlook, July 2022.

8.0 percent. The Philippine economy needs to grow by at least 5.3 percent in the second semester to reach the government's target for the year.

174. The government is focused on addressing high inflation to protect the purchasing power of Filipinos by ensuring food security, reducing transport, logistics, and energy costs, and providing subsidies to affected vulnerable sectors. Meanwhile, it is crucial to fast-track the distribution of subsidies for PUJ drivers and operators, including tricycle drivers,⁶⁹ and fuel discounts to farmers and fisher folk. Domestic petrol prices remain considerably higher than it was a month before the Ukraine-Russia conflict escalated.⁷⁰

175. A total of ₱21.7 billion has been released by the DBM as of September 2022 for the implementation and distribution of subsidies under the targeted subsidy programs to help the affected sectors in coping with the rising food and fuel prices. Of the said amount, a total of ₱10.3 billion was released to the DSWD, covering the first (₱6.2 billion) and second tranches (₱4.1 billion) of the TCT Program. Per report from the agency, ₱8.3 billion of the said releases has already been credited to 8.3 million program beneficiaries as of August 12, 2022. For the Fuel Subsidy Program, a total of ₱2.5 billion was released to the DOTr to provide fuel cash subsidies ranging from ₱1,000 to ₱6,500 to qualified public utility vehicle (PUV), taxi, tricycle, and full-time ride hailing and delivery service drivers nationwide as identified by the Land Transportation Franchising and Regulatory Board (LTFRB). As of August 19, 2022, 291,650 beneficiaries (77.3 percent) of the total 377,443 have already received their fuel subsidies. Meanwhile, for the Fuel Discount Program for qualified farmers and fisherfolk, the DA reported that as of June 30, 2022, 20,357 (12.8 percent) of the 158,730 target beneficiaries have already received their fuel discount cards (FDCs). The said card can be presented to the contracted oil companies or gas stations to claim a maximum amount of ₱3,000 fuel discount.⁷¹ In addition, a total amount of ₱8.4 billion was released to the DOTr as of August 15, 2022 for the Service Contracting Program to: i) provide financial support to transport service providers through performance-based payout; ii) ensure efficient and safe operations of public transportation under the new normal condition for the benefit of the commuters; and iii) support mobility requirements of the students and the labor force by providing free rides.

⁶⁹ Philippine News Agency (June 28, 2022). *Over 600K qualified tricycle drivers to get fuel subsidy: DILG* <https://www.pna.gov.ph/articles/1177718>

⁷⁰ For example, average domestic price of unleaded gasoline (RON 95) reached ₱79.4 per liter in July 2022, compared to ₱66.7 per liter in January 2022. Price data from the Department of Energy.

⁷¹ The fuel discount cards shall be given to eligible farmers and fisherfolk who own agricultural or fishery machinery either individually, or through organizations.

Table 53. Status of Releases for FY 2022 Targeted Subsidy Programs
(In billion pesos, unless otherwise indicated)

Programs	Implementing Agency	Allotment Releases ^{a/}
a. Fuel Subsidy Program	DOTr	2.5
b. Fuel Discount Program	DA	0.5
c. Targeted Cash Transfer Program	DSWD	10.3
d. Service Contracting of PUV Program	DOTr	8.4
TOTAL		21.7

^{a/} Based on latest data available as of September 2022

176. While there is high vaccination rate in the country, the NG is continuously advocating the public to get vaccinated and boosted to ensure the population’s protection against the virus. This is being done through Information, Education and Communication (IEC) materials, while also making the vaccination more accessible in different spaces, such as schools, markets, workplaces, as well as the residences (house-to-house vaccination). As of September 25, 2022, 73.0 million Filipinos have been fully vaccinated, which translates to 93.5 percent of the target population.⁷²

177. The government is taking steps to ensure a safe and smooth transition to face-to-face classes to improve learning and prevent future productivity losses. As the school year 2022-2023 formally opened in August 2022, the DepEd is giving schools ample time to fully transition to 5-day in-person classes by November 2022.⁷³ The preparation will ensure that minimum health standards can be implemented in classrooms, and in public transportation to be used by students and school personnel. DepEd Regional Offices are also encouraged to implement a Learning Recovery and Continuity Plan focusing on three key areas: a) learning remediation and intervention; b) socio-emotional functioning, mental health, and well-being; and c) professional development of teachers.

178. The economy’s recovery will be supported by the implementation of the 2022 budget and timely passage of the 2023 budget. Swift implementation of government programs and projects will help support the economy, especially in light of global economic shocks. In addition, the timely passage of the FY 2023 budget will ensure the uninterrupted implementation of government programs and projects that would benefit the Filipino people.

179. The economy stands to benefit from the government’s infrastructure program. The government will continue to accelerate infrastructure development in the country. Moving forward, the focus will be on infrastructure projects that strengthen industry linkages, expand transport and digital connectivity, and

⁷² DOH. National Covid-19 Vaccination Dashboard. <https://doh.gov.ph/covid19-vaccination-dashboard>

⁷³ Pursuant to DepEd Order No. 034 dated July 11, 2022. Entitled “School Calendar Activities for the School Year 2022-2023”. https://www.deped.gov.ph/wp-content/uploads/2022/07/DO_s2022_034.pdf.

improve access of the poor to basic services. Given the tighter fiscal space and fiscal consolidation strategy, the government will continue to assess various financing strategies and procurement options, including Public-Private Partnerships (PPPs), to implement these projects.

- 180. The current Administration will also build on the efforts of previous administrations, particularly in terms of implementing landmark economic policies (e.g., CREATE law, Public Service Act, etc.), to accelerate economic recovery.** The government will leverage the recently approved economic liberalization laws to encourage the entry of productivity-enhancing investments and increase domestic competition. These reforms are also expected to promote innovation, generate more employment, and facilitate the entry of desirable knowledge, skills, and talents.
- 181. Accelerating the issuance of the National ID, with the goal of issuing 92 million by mid-2023, will support the country's digital transformation.** This will be complemented by digitalization in the government, which will streamline processes and allow secure and seamless access to public services by ordinary Filipinos.
- 182. The passage of key economic reforms remains crucial in the country's recovery.** In his recent State of the Nation Address (SONA), President Marcos, Jr. urged Congress to pass 19 priority legislative measures during his administration that will enable the country to respond to existing and emerging risks and challenges, enhance the business climate, and improve government services, among others:
- a. National Government Rightsizing Program (NGRP)
 - b. Budget Modernization Bill
 - c. Tax Package 3: Valuation Reform Bill
 - d. Tax Package 4: Passive Income and Financial Intermediary Taxation Act (PIFITA)
 - e. E-Government Act
 - f. Internet Transaction Act or E-Commerce Law
 - g. Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE)
 - h. Medical Reserve Corps
 - i. National Disease Prevention Management Authority
 - j. Creation of the Virology Institute of the Philippines
 - k. Department of Water Resources
 - l. Unified System of Separation, Retirement and Pension
 - m. E-Governance Act
 - n. National Land Use Act
 - o. National Defense Act
 - p. Mandatory Reserve Officers' Training Corps (ROTC) and National Service Training Program (NSTP)

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⁷⁴ Gita-Carlos, R. Philippine News Agency (July 25, 2022). *PBBM urges Congress to pass admin's 19 priority measures*. <https://www.pna.gov.ph/articles/1179709>

- q. Enactment of an Enabling Law for the Natural Gas Industry
- r. Amendments to the Electric Power Industry Reform Act or EPIRA (RA No. 9136)
- s. Amendments to the Build-Operate-Transfer (BOT) Law

c. Fiscal Outlook

183. National government revenue projection for 2022 was revised slightly higher to ₱3.304 trillion or 15.2 percent of GDP given the better-than-expected revenue performance in full-year 2021 and the first quarter of 2022. For 2023 and 2024, total revenue is projected to reach ₱3.633 trillion or 15.3 percent of GDP and ₱4.063 trillion or 15.6 percent of GDP.

184. Tax collection was revised at ₱3.140 trillion in 2022, ₱3.464 trillion in 2023, and ₱3.888 trillion in 2024. Tax revenue as percent of GDP is projected at 14.5 percent in 2022, 14.6 percent in 2023, and 14.9 in 2024. The adjustments for 2022 to 2024 already factored in the expected impact of the implementation of the second tranche of the lowering of personal income tax rates under the TRAIN Law.

Table 54. Medium-Term Revenues, 2019-2024
(in billion pesos, unless otherwise indicated)

Particulars	Actual ^{a/}			Program ^{b/}		
	2019	2020	2021	2022	2023	2024
Total revenues	3,137.5	2,856.0	3,005.5	3,304.1	3,632.9	4,062.6
% of GDP	16.1%	15.9%	15.5%	15.2%	15.3%	15.6%
Tax revenues	2,827.7	2,504.4	2,742.7	3,139.6	3,464.1	3,887.8
% of GDP	14.5%	14.0%	14.1%	14.5%	14.6%	14.9%
BIR	2,175.5	1,951.0	2,078.1	2,392.6	2,670.4	3,053.8
BOC	630.3	537.7	643.6	721.5	765.6	803.2
Other Offices	21.8	15.7	21.0	25.5	28.2	30.8
Non-Tax revenues	309.0	351.1	262.5	164.0	168.3	174.4
Privatization	0.9	0.5	0.3	0.5	0.5	0.5

^{a/} BIR and BOC Fiscal Year 2019, 2020, and 2021 collections are net of tax refund.

^{b/} Based on July 8, 2022 approved DBCC levels.

185. The government will pursue measures that would provide additional revenues.

For 2023, the passage of the following measures would be vital in order for the government to raise additional revenues: i) Passive Income and Financial Intermediary Taxation Act (Package 4); ii) Imposition of VAT on digital service providers; iii) Imposition of excise tax on single-use plastics; iv) Rationalization of mining fiscal regime; and v) Real Property Valuation and Assessment Reform Act (RPVAR) (Package 3). The revenues from the RPTVAR will accrue to the LGUs and will help improve the general government fiscal position.

- 186. The government will also continue to prioritize improving tax administration in the BIR and the BOC.** The various digitalization and modernization efforts will ensure that tax compliance is easy, efficient, and accessible. The BIR will prioritize the Digital Transformation (DX) Roadmap. This will allow the agency to maximize the government’s revenue potential, simplify taxpayer compliance, and automate compliance checks and audit selection processes. The BOC will continuously engage with the World Bank to improve the agency’s systems and enhance trade facilitation. Through the development of information and communications technology (ICT), the BOC will be able to promote a streamlined customs process while maximizing the revenue potential and enhancing border security through better detection.
- 187. Infrastructure disbursements from completed and partially-completed projects during the year and NG transfers to LGUs will remain as key drivers of spending growth, alongside the education-related expenditures amid the opening of the new academic year in the second half of the year.** The remaining balance from the disbursement program for the rest of the year amounts to ₱2.157 trillion or 43.5 percent of the ₱4.955 trillion full-year program as of end-July 2022. While temporary slowdown is expected during the first few months of the new Administration due to the change of heads of implementing departments and possible review of existing programs vis-à-vis the direction of expenditure priorities, the DBCC, during its 182nd meeting⁷⁵, maintained the full year spending target to support the attainment of the revised 6.5 to 7.5 percent growth target. As spending is expected to normalize eventually as the new leadership gains familiarity and takes full control of their department/agency operations, the underspending recorded in the first semester may be easily recovered in the remaining six months. Moreover, based on the historical spending behavior of line departments, disbursements tend to accelerate towards the latter months of the year in anticipation of the lapsing of cash allocations and agency-closing of books.
- 188. The Executive Department submitted the ₱5.268 trillion Proposed FY 2023 Budget to Congress on August 22, 2022, and budget deliberations in both the House and the Senate are currently ongoing.** The proposed budget is equivalent to 22.2 percent of GDP and is 4.9 percent higher than this year’s budget, lower than the average 10.0 percent growth rate of the budget from 2014 to 2022, as the NG continues its fiscal consolidation strategy. Founded on the theme “*Agenda for Prosperity: Economic Transformation Towards Inclusivity and Sustainability*”, the budget was crafted from the ₱8.6 trillion worth of agency budget proposals for 2023 which were evaluated to accommodate the priority programs of the new Administration within the approved budget ceiling. This will support the strategies under the 8-Point Socio-Economic Agenda of the new Administration intended to address the immediate issues of inflation, reduce vulnerability and scarring from the pandemic, enhance bureaucratic efficiency; and provide support to local

⁷⁵ The 182nd DBCC meeting was held on July 8, 2022.

governments, while promoting productivity-enhancing investments such as the *Build, Better, More* Program.

- 189. Both the Executive and Legislative branches of the government committed to prioritize the passage of the FY 2023 Budget before the year ends.** The House of Representatives targets to conclude their deliberations and pass the budget by end of September, while the Senate expects to finish their deliberations and pass the same by the last week of November. The timely enactment of the budget will be crucial in sustaining the recovery efforts of the government and reinforcing the country's growth momentum.
- 190. Meanwhile, over the medium-term, disbursements will grow at an average rate of 7.7 percent annually from 2023 to 2028 as it continues to support the Administration's overall goal of job creation and poverty reduction.** Consistent with the fiscal consolidation strategy of the government, the trajectory of disbursements relative to GDP will decline to 20.0 percent in 2026 from 22.9 percent in 2022 as the government gradually winds up its fiscal support for COVID-19 cash subsidies and employment packages amid the efforts to fully reopen the economy in the near-term. Spending-to-GDP ratio will later pick-up starting 2027 aided by higher revenue estimates and faster growth expectations. The projections on the medium-term spending is guided by the thrust of this Administration to focus the limited resources towards the delivery of programs intended to increase agricultural productivity, promote human capital development, such as health and education programs, as well as poverty alleviation measures through improved and targeted social protection programs. The provision of higher NTA shares of LGUs and transition efforts to the gradual and eventual full devolution of certain programs and projects of the NG to the LGUs in light of the SC Ruling on *Mandanas-Garcia* Cases are among the factors considered in the medium-term projections.
- 191. Infrastructure disbursements are projected to reach 5.0 percent of GDP from 2023 to 2025 as the NG balances funding for both infrastructure and non-infrastructure sectors, such as agriculture, education, and health, which are equally important in boosting the overall growth of the economy.** Infrastructure spending is expected to increase to 5.3 percent of GDP in 2026, and will reach 6.2 percent of GDP by 2028. The NG will continue to expand the *Build, Build, Build* Program through the *Build, Better, More* Program. To facilitate economic transformation, sustainability, and inclusivity, infrastructure projects will be refocused towards strengthening industry linkages, expanding physical and digital connectivity, improving the access of the poor to basic services including water supply and sanitation, public transportation, affordable energy, and flood protection infrastructure, as well as improving the country's climate resilience. Given the limited fiscal space, the NG is set to explore alternative financing strategies, particularly the Public-Private Partnership (PPP) modality to ensure that the public infrastructure needs for the plan period will be met.

Table 55. Medium-Term Fiscal Program, 2022-2028 ^{a/}
(In billion pesos, unless otherwise indicated)

Particulars	2022	2023	2024	2025	2026	2027	2028
Revenues	3,304.1	3,632.9	4,062.6	4,576.8	5,155.3	5,821.4	6,589.0
% of GDP	15.2%	15.3%	15.6%	16.0%	16.5%	17.0%	17.6%
Growth Rate	9.9%	10.0%	11.8%	12.7%	12.6%	12.9%	13.2%
Disbursements	4,954.6	5,085.8	5,402.0	5,759.7	6,249.6	6,916.0	7,711.7
% of GDP	22.9%	21.4%	20.7%	20.2%	20.0%	20.2%	20.6%
Growth Rate	6.0%	2.6%	6.2%	6.6%	8.5%	10.7%	11.5%
(Deficit)	(1,650.5)	(1,452.9)	(1,339.4)	(1,182.8)	(1,094.3)	(1,094.6)	(1,122.7)
% of GDP	-7.6%	-6.1%	-5.1%	-4.1%	-3.5%	-3.2%	-3.0%
Infrastructure Disbursements ^{b/}	1,199.5	1,180.2	1,297.2	1,423.0	1,644.1	1,945.5	2,327.0
% of GDP	5.5%	5.0%	5.0%	5.0%	5.3%	5.7%	6.2%

^{a/} Consistent with the FY 2023 BESF, based on the DBCC Ad Referendum Approval dated August 19, 2022.

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

VI. Conclusion

- 192. The NG will continue to exercise prudence in managing its fiscal position to promote long-term sustainability given the downside risks to growth, such as high debt levels, inflation, global interest rate hikes, geo-political tensions, occurrence of natural disasters, and possible resurgence of COVID-19 cases.** Specifically, the fiscal consolidation strategy will be strengthened by increasing revenue collections through existing tax policy reforms and administration measures (e.g., digitalization), and gradual reduction of the deficit over the medium-term. Revenue collections are projected to grow by an average of 12.2 percent annually from 2023 to 2028 to support the growth in disbursements and help lower the deficit to the pre-pandemic level of 3.0 percent of GDP by 2028. Meanwhile, the NG debt-to-GDP ratio is targeted to settle below the internationally accepted level of 60 percent of GDP by 2025 and will be maintained at less than 60 percent of GDP threshold thereafter.
- 193. Measures to prevent the resurgence of COVID-19 cases as well as mitigate impact of the ongoing pandemic and rising food and fuel costs to the most vulnerable sectors will continue to be implemented by the NG.** To prevent another COVID-19 outbreak in the country, the rollout of primary and booster shot vaccination is being ramped up by making the vaccines available in different spaces (e.g., schools, workplaces, markets, etc.) and various IEC campaigns. The DOH has recently launched special vaccination days dubbed as “*PinasLakas Bakunahang Bayan*” to encourage booster shots among the public.⁷⁶ Other social programs intended to assist the affected sectors which were funded under the 2022 National Budget such as the TUPAD Program, Emergency Repatriation Program, and Protective Services for Individuals and Families in Difficult Circumstances of the DSWD, among others, are, likewise, being implemented. Moreover, the distribution of subsidies for the poor and significantly affected sectors (e.g., agriculture and transport sector), namely, i) Fuel Subsidy Program (DOTr); ii) Fuel Discount Program (DA); iii) TCT Program (DSWD); and iv) Service Contracting Program (DOTr-LTFRB) is being fast-tracked in the second semester to help them cope with the rising food and fuel prices. The government is also closely monitoring the extent of the inflation situation and is working with concerned oversight and implementing departments for coordinated response based on emerging developments.
- 194. The policies of the new Administration will focus on attaining the macroeconomic and fiscal objectives set in the 2022-2028 Medium-Term Fiscal**

⁷⁶ Philippine Information Agency. Press Release. (September 20, 2022). “DOH launches *Bakunahang Bayan*: Special COVID-19 Vaccination Days on Sept. 26-30.” Available at: <https://pia.gov.ph/news/2022/09/20/doh-launches-bakunahang-bayan-special-covid-19-vaccination-days-on-sept-26-30>

Framework (MTFF). These macroeconomic and fiscal objectives⁷⁷ include: i) 6.5 to 7.5 percent real gross domestic product (GDP) growth in 2022; ii) 6.5 to 8.0 percent real GDP growth annually between 2023 to 2028; iii) 9.0 percent (i.e., single-digit) poverty rate by 2028; iv) 3.0 percent NG deficit to GDP ratio by 2028; v) less than 60.0 percent NG debt-to-GDP ratio by 2025; and vi) at least \$4,256 income (GNI) per capita (attainment of upper middle-income status). The 2022-2028 MTFF adopted by the legislature through House Concurrent Resolution No. 2⁷⁸ on August 1, 2022 and Senate Concurrent Resolution No. 3 on September 7, 2022 will provide the policy direction of the Administration and will serve as a guiding principle in the crafting of laws and implementation of policies of national importance. Although not legally binding in its current form, this is the first medium-term macroeconomic and fiscal plan to be jointly recognized and endeavored by both the Executive and the Legislative departments.

195. With the transition to the new Administration, the continuity of implementation of key reforms, programs and laws such as the Corporate Recovery and Tax Incentives for Enterprises (CREATE or RA No. 11534) and Financial Institutions Strategic Transfer (FIST or RA No. 11523) Laws, and the Build, Build, Build Program is crucial to sustain economic recovery. To complement the CREATE Law under the Comprehensive tax Reform Program (CTRP), with the overall objective of reducing poverty, increasing incomes, and promoting inclusive growth, the previous Administration has also passed: i) RA No. 11595 - Amendments to the Retail Trade Liberalization Act (December 10, 2021) ii) RA No. 11647 – Amendments to the Foreign Investment Act (March 2, 2022; and iii) RA No. 11659 – Amendments to the Public Service Act (March 21, 2022). These laws will generally ease the restrictions for foreign businesses and open up more industries to foreign direct investment to stimulate the economy and generate more employment for Filipinos. Meanwhile, the Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Bill,⁷⁹ which expands the government’s lending programs to help small businesses recover from the pandemic, was identified by the President as one of the priority bills during his first SONA. The passage of the remaining packages of the CTRP, namely the Passive Income and Financial Intermediary Taxation Act and the RPVAR Act will also support economic recovery through additional revenues generated for meaningful investments. Other legislative measures of the new Administration to ensure optimal and efficient use of resources are, likewise, important in achieving recovery and fiscal sustainability: i) Budget Modernization Bill which will institutionalize the implementation of the CBS and other key public financial management (PFM) reform initiatives and the digitalization of the PFM systems through the Integrated Financial Management Information System (IFMIS); ii)

⁷⁷ The headline targets are subject to review and/or updating at the beginning of the (next) 20th Congress in 2025. In the case of the need to update the targets, a corresponding revised MTFF shall be submitted to Congress. The revised MTFF shall contain the explanations such as the latest developments and economic conditions surrounding the need to update the targets.

⁷⁸ Another House Concurrent Resolution (HCR No. 4) was filed by Cong. Joey Salceda for the adoption of the MTFF last June 27, 2022. The said resolution is currently pending with the Committee on Rules since August 3, 2022.

⁷⁹ A consolidated version of various house bills has been approved by the House Committee on Banks and Financial Intermediaries on August 30, 2022.

NGRP which will strengthen the entire government structure in order to help the bureaucracy to have an agile, efficient, responsive and technology-driven workforce; and iii) reform in the pension scheme of military and uniformed personnel (MUP) to mitigate the impact of ballooning pension requirements.

- 196. The government is in the process of crafting the Philippine Development Plan (PDP) 2023-2028 which will serve as the Marcos Administration’s main economic blueprint and the vehicle moving towards the attainment of a *matatag, maginhawa, at panatag na buhay* by 2040.** The new PDP will be founded on the 8-point Socioeconomic Agenda for the near and medium-term with the overarching goal of rapid and inclusive economic growth, high-quality job generation, and poverty reduction. A series of consultative fora for the formulation of the new PDP has commenced this September to solicit inputs and views from various sectors and representations, such as the youth, private sector, and government planning offices.⁸⁰

⁸⁰ NEDA Press Release dated September 23, 2022. Available at <https://neda.gov.ph/neda-convenes-govt-planners-to-cap-off-pdp-forum-series/>

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