

Introduction

FY 2025 NATIONAL EXPENDITURES PROGRAM (NEP)

INTRODUCTION

Anchored on the theme Agenda for Prosperity: Fulfilling the Needs and Aspirations of the Filipino People, the proposed national budget for Fiscal Year (FY) 2025 represents a comprehensive framework aimed at enhancing the quality of life and economic well-being of every Filipino and community.

In line with the Philippine Development Plan (PDP) 2023-2028, the national budget for FY 2025 is built on three foundational pillars:

- **Pillar 1 - Develop and Protect the Capabilities of Individuals and Families**
Focusing on education, healthcare, and social protection to develop and safeguard people's potential. The government will continue to prioritize social services by implementing programs that will promote human and social development, reduce vulnerabilities, protect the purchasing power of the people and increase income-earning abilities.
- **Pillar 2 - Transform Production Sectors to Generate More Quality Jobs and Competitive Products**
Aiming to create more quality jobs and produce competitive products by advancing industrial and labor sectors. The proposed budget will allocate significant funds for major livelihood and modernized agriculture and agri-business to revitalize and boost the services to make the industry more competitive and productive.
- **Pillar 3 - Create an Enabling Environment Encompassing Institutions, Physical and Natural Environment**
Supporting sustainable development and good governance. This includes substantial allocations for infrastructure and technology investments. These investments aim to modernize critical public services, enhance connectivity, and drive economic growth. Developing a strong and resilient infrastructure propels growth strategy and improves quality of life. This includes steady strides and support to transportation, energy, digital infrastructure, peace and security, among others.

Overall, the national budget for FY 2025 aims to support these areas to help the Philippines achieve long-term economic and social transformation. By working together and using shared resources, the Philippines can create a prosperous, inclusive, equitable, and resilient society ensuring that the aspirations of every Filipino are recognized and achieved.

THE FY 2025 EXPENDITURE PROGRAM

The proposed Total Expenditure Program (TEP) for FY 2025 is P6,352.39 billion, which is P584.79 billion or 10.14% higher than the programmed P5,767.60 billion for FY 2024. This amount corresponds to 22.10% of the Gross Domestic Product (GDP), which is comparable to the 21.77% of GDP for FY 2024.

The TEP is classified according to appropriation sources, which include programmed New General Appropriations of P4,247.23 billion and programmed Automatic Appropriations of P2,105.16 billion.

Table I. Summary of Total Expenditure Program (TEP), By Appropriation Source, FY 2024-2025

PARTICULARS	LEVELS (In Billion Php)		INCREASE/(DECREASE) 2024-2025		SHARE (%) TO TEP		SHARE (%) TO THE PROGRAMMED APPROPRIATIONS	
	2024	2025	Amount (In Billion Php)	%	2024	2025	2024	2025
Programmed New General Appropriations	4,019.77	4,247.23	227.46	5.66	69.70	66.86	100.00	100.00
Departments and Agencies	3,516.02	3,525.89	9.87	0.28	60.96	55.50	87.47	83.02
Special Purpose Funds (SPFs)	503.75	721.34	217.59	43.19	8.74	11.36	12.53	16.98
Automatic Appropriations	1,747.83	2,105.16	357.33	20.44	30.30	33.14		
TEP	5,767.60	6,352.39	584.79	10.14	100.00	100.00		

New General Appropriations

The proposed total New General Appropriations, requiring legislative authorization, will amount to P4,405.90 billion composed of P4,247.23 billion in programmed appropriations and P158.67 billion in unprogrammed appropriations.

Table II. Summary of New General Appropriations, FY 2024-2025

PARTICULARS	LEVELS (In Billion Php)			INCREASE/(DECREASE) 2024-2025*		SHARE (%) TO TEP		
	2024 NEP	2024 GAA	2025 NEP	Amount (In Billion Php)	%	2024 NEP	2024 GAA	2025 NEP
New General Appropriations	4,301.68	4,751.22	4,405.90	(345.32)	(7.27)	74.58	82.38	69.36
Programmed Appropriations	4,019.77	4,019.77	4,247.23	227.46	5.66	69.69	69.70	66.86
Departments and Agencies	3,286.53	3,516.02	3,525.89	9.87	0.28	56.98	60.96	55.50
Special Purpose Funds (SPFs)	733.24	503.75	721.34	217.59	43.19	12.71	8.74	11.36
Unprogrammed Appropriations	281.91	731.45	158.67	(572.78)	(78.31)	4.89	12.68	2.50
TEP						5,767.60	5,767.60	6,352.39

*Compared with FY 2024 GAA

Compared with the FY 2024 General Appropriations Act (GAA), the proposed level for Programmed New General Appropriations for FY 2025 is higher by P227.46 billion or 5.66%. Departments and agencies will receive a budget allocation of P3,525.89 billion, marking a 0.28% increase. The remaining programmed appropriations, amounting to P721.34 billion, correspond to SPFs. The P217.59 billion increase in SPFs represents a 43.19% growth from the FY 2024 provision, primarily for personnel-related SPFs such as the Miscellaneous Personnel Benefits Fund (MPBF) and the Pension and Gratuity Fund (PGF).

The proposed budget allocates P158.67 billion for Unprogrammed Appropriations (UA), which may be released under specific conditions: when there are new revenue collections by the Bureau of the Treasury (BTr), revenue collections in any one of the identified revenue sources exceed targets per Budget of Expenditures and Sources of Financing (BESF), and/or when proceeds from foreign loans approved but not considered in the TEP are received. The amount will have a significant decrease of P572.78 billion, or 78.31%, from the FY 2024 GAA. It represents 2.50% of the proposed FY 2025 budget and falls within the 4 to 5 percent threshold recommended by multilateral organizations, such as the World Bank and the International Monetary Fund for Unprogrammed Appropriations.

Automatic Appropriations

For FY 2025, automatically appropriated expenditures, which do not require annual legislative approval due to their nature and specific enabling laws, will amount to P2,105.16 billion representing 33.14% of the proposed TEP of P6,352.39 billion.

Table III. Summary of Automatic Appropriations, FY 2024-2025

PARTICULARS	LEVELS (In Billion Php)		INCREASE/ (DECREASE) 2024-2025		SHARE (%) TO THE TOTAL AUTOMATIC APPROPRIATIONS	
	2024	2025	Amount (In Billion Php)	%	2024	2025
National Tax Allotment	871.38	1,034.61	163.23	18.73	49.86	49.15
BARMM Annual Block Grant	70.51	83.42	12.91	18.31	4.03	3.96
Debt Service-Interest Payments	670.47	848.03	177.56	26.48	38.36	40.28
Retirement and Life Insurance Premiums	65.79	68.55	2.76	4.20	3.76	3.26
Net Lending	28.70	28.70	0.00	0.00	1.64	1.36
Tax Expenditure Fund	14.50	14.50	0.00	0.00	0.83	0.69
Special Accounts in the General Fund	26.48	27.35	0.87	3.27	1.52	1.30
Pension of Ex-Presidents/Spouses (<P0.1B)	0.00	0.00	0.00	0.00	0.00	0.00
Total Automatic Appropriations	1,747.83	2,105.16	357.33	20.44	100.00	100.00

Compared to the FY 2024 level, this represents an increase of P357.33 billion or by 20.44%, with details as follows:

The net increase is primarily due to the P163.23 billion additional National Tax Allotment (NTA) for Local Government Units (LGUs) for FY 2025, which will rise to P1,034.61 billion, an 18.73% increase from the FY 2024 level of P871.38 billion. This increase is a result of higher national government revenue collections in FY 2022, the third fiscal year preceding the proposed year. Additionally, there is a significant increase of P177.56 billion or 26.48% in interest payments on national government debt, from P670.47 billion to P848.03 billion in FY 2025. This increase is due to interest on loans and debt issuances driven by increased financing requirements since the pandemic, as well as the impact of higher prevailing foreign exchange and interest rates.

DIMENSIONS OF THE FY 2025 BUDGET

By Expense Class

Table IV. Summary of TEP, By Expense Class, FY 2024-2025

PARTICULARS	LEVELS (In Billion Php)		INCREASE/ (DECREASE)		SHARE (%) TO TEP	
	2024	2025	Amount (In Billion Php)	%	2024	2025
Personnel Services	1,483.28	1,756.85	273.57	18.44	25.71	27.66
Maintenance and Other Operating Expenses	2,274.70	2,420.64	145.94	6.42	39.44	38.10
Financial Expenses	670.53	848.07	177.54	26.48	11.63	13.35
Capital Outlays and Net Lending	1,339.09	1,326.83	(12.26)	(0.92)	23.22	20.89
TEP	5,767.60	6,352.39	584.79	10.14	100.00	100.00

The proposed FY 2025 budget allocation for Personnel Services (PS) is P1,756.85 billion, comprising 27.66% of the total program. This corresponds to an increase of P273.57 billion or 18.44% compared to the FY 2024 program, on account of requirements for new positions, filling vacancies in key agencies, compensation benefits, and salary adjustments.

Maintenance and Other Operating Expenses (MOOE) will receive the largest share at P2,420.64 billion, which is 38.1% of the budget. This amount is an increase of P145.94 billion, or 6.42%, over the FY 2024 allocation of P2,274.70 billion. The MOOE budget supports the implementation of various education, health, and social protection programs, the operations of departments and agencies, and subsidies to Government-Owned or -Controlled Corporations (GOCCs). The key programs that will benefit from this increase include the Pantawid Pamilyang Pilipino Program, School-based Feeding Program, Government Assistance to Students and Teachers in Private Education, and Social Pension for Indigent Senior Citizens.

The Capital Outlays (CO) budget for FY 2025 is set at P1,326.83 billion, a slight decrease of P12.26 billion, equivalent to 0.92% compared to the FY 2024 budget of P1,339.09 billion. This allocation accounts for 20.89% of the total proposed budget. Infrastructure spending is projected at P1,506.51 billion, equivalent to 5.24% of GDP. This includes projects by the Department of Public Works and Highways (DPWH), Department of Transportation (DOTr), Department of Agriculture (DA), and Department of Education (DepEd), as well as subsidies for LGUs, which include 20% development fund from NTA and Bangsamoro Autonomous Region of Muslim Mindanao (BARMM) Annual Block Grant.

The proposed budget for Financial Expenses (FinEx) of P848.07 billion represents 13.35% of the FY 2025 TEP, corresponding to 26.48% expansion from the FY 2024 program. This reflects higher debt service financing requirements due to significant borrowings.

By Sector

Table V. Summary of TEP, By Sector, FY 2024-2025

SECTORS	LEVELS (In Billion Php)		INCREASE/ (DECREASE)		SHARE (%) TO TEP	
	2024	2025	Amount (In Billion Php)	%	2024	2025
Economic Services	1,775.33	1,852.54	77.21	4.35	30.78	29.16
Social Services	2,116.40	2,120.67	4.27	0.20	36.70	33.39
Defense	278.14	419.30	141.16	50.75	4.82	6.60
General Public Services	898.56	1,083.15	184.59	20.54	15.58	17.05
Debt Burden	699.17	876.73	177.56	25.40	12.12	13.80
TEP	5,767.60	6,352.39	584.79	10.14	100.00	100.00

Economic Services Sector

The economic services sector, with a proposed allocation of P1,852.54 billion, accounts for the second largest budget share, with 29.16%, increasing by 4.35% over the FY 2024 budget level.

Table V-A. Summary of Economic Services Sector, FY 2024-2025

SUB-SECTORS	LEVELS (In Billion Php)		INCREASE/ (DECREASE)		SHARE (%) TO TEP	
	2024	2025	Amount (In Billion Php)	%	2024	2025
Agriculture and Agrarian Reform	235.06	225.81	(9.25)	(3.94)	4.08	3.55
Natural Resources and Environment	27.08	29.67	2.59	9.56	0.47	0.47
Trade and Industry	12.67	14.14	1.47	11.60	0.22	0.22
Tourism	7.36	5.70	(1.66)	(22.55)	0.13	0.09
Power and Energy	16.96	17.98	1.02	6.01	0.29	0.28
Water Resources Development and Flood Control	130.95	257.06	126.11	96.30	2.27	4.05
Communications, Roads and Other Transport	964.03	861.24	(102.79)	(10.66)	16.71	13.56
Other Economic Services	49.78	47.53	(2.25)	(4.52)	0.86	0.75
Subsidy to Local Government Units	331.44	393.41	61.97	18.70	5.75	6.19
TOTAL ECONOMIC SERVICE SECTOR	1,775.33	1,852.54	77.21	4.35	30.78	29.16

The proposed budget for the agriculture and agrarian reform sub-sector is P225.81 billion. This allocation includes national programs to ensure a steady supply of affordable food while upholding the rights of farmers and farm workers through strengthened initiatives, e.g., the Rice Competitiveness Enhancement Program (P10 billion), the National Rice Program (P31.35 billion), Irrigation Services (P24.57 billion), the Buffer Stocking Program (P14.36 billion), and the National High-Value Crops Development Program (P2.35 billion).

The natural resources and environment sub-sector is allocated P29.67 billion, covering the implementation of key programs like the National Greening Program (P1.47 billion), the Manila Bay Rehabilitation Program (P1.57 billion), and the Protected Areas Development and Management Program (P1.41 billion), among others.

The trade and industry sub-sector has an allocation of P14.14 billion to revitalize industry and promote trade and investments, focusing on Micro, Small, and Medium Enterprises (MSMEs). This includes the MSMEs Development Program (P0.83 billion), the Exports and Investments Development Program (P0.88 billion), the Shared Service Facilities Project (P0.60 billion), and the establishment of Negosyo Centers (P0.45 billion).

To sustain the positive momentum of the tourism industry post-pandemic, P5.70 billion has been allocated to the tourism sub-sector. This includes increased funding for the Market and Product Development Program (P0.54 billion) and the Branding Campaign Program (P0.50 billion).

The power and energy sub-sector is provided with P17.98 billion for various programs, including the National Energy Efficiency and Conservation Programs (P0.21 billion), Nuclear Energy Program Implementing Organizations (P0.05 billion), the National Rural Electrification Program (P2.62 billion), and proceeds from the exploration, development and exploitation of energy resources (P8.00 billion), among others.

The water resources development and flood control sub-sector is provided P257.06 billion largely attributed to the DPWH's Flood Management Program (P254.29 billion) that will construct and maintain flood mitigation structures and drainage systems.

For FY 2025, a budget of P861.24 billion is proposed for the communications, roads, and other transport sub-sectors, mainly for infrastructure projects. This includes allocations for the Asset Preservation Program (P98.39 billion), Network Development Program (P140.86 billion), Bridge Program (P59.50 billion), Rail Transport Program (P107.26 billion), Maritime Infrastructure Program (P0.70 billion), Aviation Infrastructure Program (P12.00 billion), and Land Public Transportation Program (P12.72 billion), among other initiatives.

Other economic services sub-sector accounts for P47.53 billion, comprised largely of the special shares of LGUs in the proceeds of national taxes/fire code fees (P33.77 billion). Subsidy to LGUs amounts to P393.41 billion which includes part of BARM and NTA.

Social Services Sector

The social services sector will receive the largest allocation of P2,120.67 billion or 33.39% of the FY 2025 proposed budget of P6,352.39 billion. This represents an increase of P4.27 billion over the FY 2024 program. This sector comprises programs that promote human and social development, including education and health.

Table V-B. Summary of Social Services Sector, FY 2024-2025

SUB-SECTORS	LEVELS (In Billion Php)		INCREASE/ (DECREASE)		SHARE (%) TO TEP	
	2024	2025	Amount (In Billion Php)	%	2024	2025
Education, Culture and Manpower Development	983.50	1,067.14	83.64	8.50	17.05	16.80
Health	322.31	321.76	(0.55)	(0.17)	5.59	5.06
Social Security, Welfare and Employment	449.09	298.90	(150.19)	(33.44)	7.79	4.71
Housing and Community Development	6.32	10.96	4.64	73.42	0.11	0.17
Other Social Services	4.80	5.50	0.70	14.58	0.08	0.09
Subsidy to Local Government Units	350.38	416.41	66.03	18.85	6.07	6.56
TOTAL SOCIAL SERVICES SECTOR	2,116.40	2,120.67	4.27	0.20	36.69	33.39

The Social Services Sector budget highlights significant allocations across its sub-sectors. The education, culture, and manpower development sub-sector leads with P1,067.14 billion, funding Basic Education Facilities (P29.31 billion), Government Assistance and Subsidies (P40.51 billion) and increase in public school teachers' annual allowances (P9.95 billion) under the "Kabalikat sa Pagtuturo Act." Moreover, it supports Universal Access to Quality Tertiary Education amounting to P53.05 billion, along with reskilling and upskilling programs like Special Training for Employment Program (P1.72 billion), Training for Work Scholarship Program (P3.28 billion) and Tulong Trabaho Scholarship Program (P1.39 billion).

The health sub-sector's P321.76 billion budget will provide rural healthcare accessibility, including the National Health Insurance Program (P74.43 billion), and construction of health facilities under the Health Facilities Enhancement Program (P22.99 billion). It will also be allocated some P5.14 billion for the prevention and control of communicable diseases, P10.18 billion for nationally procured commodities for family health, immunization, nutrition and responsible parenting. Additionally, the funding provisions for the operation of government hospitals and facilities of P94.76 billion aim to ensure quality, efficient, and effective direct public health services, including the provision of free essential medicines and basic services, thereby reducing out-of-pocket payments for clients or patients.

For social security, welfare, and employment, P298.90 billion supports programs like Pantawid Pamilyang Pilipino Program (P114.19 billion), Social Pension for Indigent Senior Citizens (P49.81 billion), Protective Services for Individuals and Families in Difficult Circumstances (P35.19 billion), and Sustainable Livelihood Program (P4.43 billion) to assist the most severely affected vulnerable and disadvantaged groups and individuals by globally-determined rising food prices. It also funds job creation initiatives such as Tulong Panghanapbuhay sa Ating Disadvantaged Workers Program (P14.12 billion) and DOLE Integrated Livelihood Program (P2.24 billion).

Other various services will receive P16.46 billion, covering housing and community development (P10.96 billion) and other services (P5.50 billion). Additionally, P416.41 billion is allocated for local government subsidies.

Defense Sector

The P419.30 billion allocation for the defense sector increased by 50.75% over last year's budget to strengthen our defense capabilities, mostly from the Armed Forces of the Philippines' (AFP's) Land (P113.26 billion), Air (P46.66 billion), and Naval (P44.44 billion) Forces Defense Program (P204.36 billion), as well as the Revised AFP Modernization Program (P50.00 billion).

General Public Services Sector

Table V-C. Summary of General Public Services Sector, FY 2024-2025

SUB-SECTORS	LEVELS (In Billion Php)		INCREASE/ (DECREASE)		SHARE (%) TO TEP	
	2024	2025	Amount (In Billion Php)	%	2024	2025
General Administration	232.88	234.00	1.12	0.48	4.04	3.68
Public Order and Safety	362.42	498.14	135.72	37.45	6.28	7.84
Other General Public Services	38.11	36.29	(1.82)	(4.78)	0.66	0.57
Subsidy to Local Government Units	265.15	314.72	49.57	18.70	4.60	4.96
TOTAL GENERAL PUBLIC SERVICES SECTOR	898.56	1,083.15	184.59	20.54	15.58	17.05

To build a more secure and peaceful nation, the proposed budget for the general public services amounts to P1,083.15 billion, increasing by 20.54% from the FY 2024 program. This corresponds to a 17.05% share to the TEP. This includes key programs such as the Capability Enhancement Program (P2.0 billion), Support to Barangay Development Program (P7.80 billion), National and Local Elections (P14.96 billion), and Sangguniang Kabataan and Barangay Elections (P11.59 billion).

Debt Burden Sector

Debt burden or payments to creditors (i.e., interest payments and net lending) are allocated an amount of P876.73 billion or 13.8% of the FY 2025 proposed program.

Table V-D. Summary of Debt Burden Sector, FY 2024-2025

SECTORS	LEVELS (In Billion Php)		INCREASE/ (DECREASE)		SHARE (%) TO TEP	
	2024	2025	Amount (In Billion Php)	%	2024	2025
Interest Payments	670.47	848.03	177.56	26.48	11.62	13.35
Net Lending	28.70	28.70	-	-	0.50	0.45
TOTAL DEBT BURDEN SECTOR	699.17	876.73	177.56	25.40	12.12	13.80

By Recipient Entity

Table VI. Summary of TEP, By Recipient Entity, FY 2024-2025

RECIPIENT ENTITY	LEVELS (In Billion Php)		INCREASE/(DECREASE)		SHARE (%) TO TEP	
	2024	2025	Amount (In Billion Php)	%	2024	2025
National Government Agencies	3,859.10	4,115.76	256.66	6.65	66.91	64.79
Local Government Units	1,011.28	1,184.12	172.84	17.09	17.53	18.64
Government-Owned or -Controlled Corporations and Net Lending	226.75	204.48	(22.27)	(9.82)	3.93	3.22
Creditors (Interest Payments)	670.47	848.03	177.56	26.48	11.63	13.35
TEP	5,767.60	6,352.39	584.79	10.14	100.00	100.00

The proposed FY 2025 budget prioritizes National Government Agencies, allocating P4,115.76 billion, which constitutes 64.79% of the total budget. This allocation shows an increase of P256.66 billion or 6.65% compared to the FY 2024 level. This significant funding will support the operations and implementation of various programs and projects across the departments and agencies.

LGUs will receive P1,184.12 billion, marking a 17.09% increase from FY 2024. This increase is attributed to the NTA and the BARMM Block Grant, to support local governance and development efforts.

Budgetary support for GOCCs totals P204.48 billion, constituting 3.22% of the budget, including subsidies, equity, and net lending.

Lastly, P848.03 billion is allocated for creditors in interest payments, reflecting a P177.56 billion increase from the FY 2024 level. This adjustment will address higher borrowing costs and the impact of previous and ongoing loans in support to health emergencies and infrastructure development needs.