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# THE PRESIDENT'S BUDGET MESSAGE

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

Fiscal Year  
**2021**





**The President’s Budget Message**

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**Message of  
President Rodrigo Roa Duterte  
to the Eighteenth Congress of the Philippines  
on the National Budget for Fiscal Year 2021**

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

**August 25, 2020**

Ladies and Gentlemen of the 18<sup>th</sup> Congress:

In the midst of these most difficult of times, unprecedented in the history of the world in this past century, it is with great honor and deep humility that I submit for your consideration, through the President of the Senate and the Speaker of the House of Representatives, the Proposed National Budget of the Philippine Government for Fiscal Year 2021 in the amount of PhP4.506 trillion.

This budget is bigger by 9.9 percent than the 2020 National Budget of PhP4.100 trillion, and is equivalent to 21.8 percent of our Gross Domestic Product (GDP).

**A. INTRODUCTION**

Every year in the past four years that I have come to you on a similar occasion and with the same objective as today – to seek



approval for the financial program of the national government – this was always a moment of grateful celebration and hopeful expectation. The celebration of achievement of aspiration and goals, and the expectation of further growth progress. Not mine alone, let me hasten to add and underscore, but that of our country and our people.

We had been moving forward as a nation on the sure and swift journey to peace and progress that would ensure a comfortable life for every Filipino.

We did not, however, foresee the Coronavirus Disease 2019 (COVID-19). We could not have known of a global pandemic that would emerge in the first quarter of the year, quickly sweep through the world, cut across borders, and reach our shores.

The magnitude of the health crisis shook us. We reeled from the destruction it wrought on our country in terms of lives and livelihoods that were lost or eroded. As I acknowledged in my report to our people last July, “it jolted us to realize that gains made after spending so much planning, effort, cost, and time could diminish considerably and quickly for reasons beyond one’s anticipation” and that “gains we achieved in the first three and a half years were put to a test when the pandemic suddenly struck the global community.”

Indeed, we had been forced back on an extremely rough stretch in our journey, but I am confident we are steadying ourselves. And now we must forge ahead. We have endured – and there are still challenges that we will have to face – but we must continue.



## **Our Task is to Get Back on the Road**

My task and yours at this moment of our history, is to get us back on the road. We have been able to withstand thus far the virulent onslaught of the Coronavirus, but these efforts must be sustained as we move forward to fully address the impact of the pandemic and accelerate economic recovery.

The National Budget of PhP4.506 trillion that we are proposing for Fiscal Year 2021 is focused on our greatest priority of the moment – to sustain and strengthen government efforts in effectively responding to and recovering from the COVID-19 pandemic.

The Philippine economy slid into recession in the first half of 2020 as the GDP growth for the second quarter marked the steepest quarterly decline documented since 1985. But while unprecedented, it is not unexpected as recession is one of the possible consequences of a pandemic that nations should brace for as most countries in the world are seeing.

This is the inescapable context and consideration which is reflected in our budget preparation and will remain at the background of its implementation. We will have to reset our policies, rethink the way we govern under this new phenomenon that is changing the conduct of daily life, rebound and recover from this pandemic and bring the whole country and our people with us.

Now more than ever, the government must assert its role in responding to the threats of this virus and its fallout if it is to make the nation and its economy stronger and more agile.

Like any major crisis, the pandemic and the resulting recovery phase present the opportunity to review and reset the programs, policies, and even the way government operates, to enable the



economy to be stronger and more agile, and the citizens to be more efficiently served.

### **Government Action to Recover the Economy**

The Proposed 2021 National Budget is therefore, our crucial tool during this Administration to support, pro-actively and aggressively, all current and future government actions to recover the economy and address the needs of the sectors that are particularly vulnerable to the devastating health and economic impacts of the COVID-19 infection.

Shifting priorities and realigning spending policies are a must. The entire budget is focused on containing the spread and mitigating the effects of the COVID-19 pandemic; funding a vaccine; restarting the economy to be able to create jobs and attract investments; and transitioning to the post-crisis recovery environment.

We will ensure that all these will be in place – indeed be the priority focus of government action – without losing sight of our fundamental priorities -- in alleviating poverty, sustaining a stable economy, assuring an educated and healthy workforce, defending our shores, maintaining peace and order -- for all times and in all contexts, in the aftermath of a pandemic or without it. Life continues, and government continues to serve.

### **B. BUDGET PHILOSOPHY**

Without setting aside the basic priorities of responsive and dynamic governance, we have anchored the Proposed National Budget for the forthcoming 2021 Fiscal Year on the most urgent priority – to *reset* our momentum and action, *rebound* from the





debilitating effects of the pandemic on the health and economy, and fully *recover* from current and continuing impacts of the crisis.

Thus, upon your approval of this submission, we are ready to implement a budget that will steer us to recoup the gains of the past years, and gear our country and people for resilience and sustainability in and out of a crisis, guided by these principles:

**a. Support for a Strong Economic Recovery**

This Budget will be anticipatory – it is prepared for and will support for a strong GDP growth of 6.5-7.5 percent, for the coming year. It incorporates some PhP212.4 billion to upgrade our health care system, a PhP1.107 trillion (or 5.4 percent of GDP) Infrastructure Program, some PhP117.8 billion to modernize our agriculture sector and provide food security; and PhP2.3 billion to upskill and enable the innovation of our local firms and small and medium enterprises.

To sustain our strong economic fundamentals, the budget is based on the sound fiscal policy of spending within means, on the right priorities, and with measurable results under a regime of transparent, accountable, and participatory governance.

The budget will continue to be inclusive – for all sectors and all strata of society, across all the islands – for each and every Filipino and his family, now more than ever.

**b. Providing Recovery and Rehabilitation**

For the second year of the pandemic, this Proposed Budget will continue to provide for social amelioration programs and ensure the provision of safety nets for affected sectors, in a better targeted and a more efficient manner.



We are learning from the experiences of our COVID-19 mitigating programs in the first half of 2020 under the Bayanihan I Law on how to respond, what to avoid, and how to improve targeting and distribution mechanisms.

But more than this, the upgrade of our health care systems and our disaster response mechanisms will bolster our capacity to recover and rehabilitate from health, man-made, and natural calamities next year and in the coming years.

### **3. Continued Adoption of the Cash Budgeting System (CBS)**

On the third year of the government's transition to the CBS, the Proposed FY 2021 National Budget incorporates better planned and implementation-ready programs and projects, which are critical in the overall efforts to recover the economy and serve the public faster and more effectively. On top of this, our public financial management and procurement systems are continuously being simplified, streamlined, and made to adapt to information technology (IT) advances to further boost efficiency across the government.

### **4. Enabling Stronger Partnership with Local Government Units (LGUs)**

This Budget recognizes the unique and critical role of LGUs on the ground in the success of any nationwide response to a health crisis of pandemic proportions. Hence, it encourages improved partnership with the LGUs to prepare the latter to take on the challenge of assuming their responsibilities over devolved functions under the Local Government Code and contributing more in transitioning to a more prosperous life after COVID-19.



More will be expected of LGUs, as already experienced during the government-imposed community quarantines. And this Budget will promote more areas of partnership between the National Government (NG) and LGUs in financing development programs and facilitating synergy in the implementation of national and local measures.

## **5. Promoting Greater Coordination with Stakeholders**

The Proposed Budget will promote opportunities for partnering with and enlisting the cooperation of the private sector and other stakeholders as key to implement and/or deliver national and local measures and programs that would respond to the pandemic faster and enable the economy to recover more efficiently.

It will aim for renewed reliance on public-private partnership (PPPs) and stronger support for the private sector as the engine of growth through the passage of bills like the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill, the Financial Institutions Strategic Transfer (FIST), and the Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Bill.

The continued pursuit of structural reforms like the amendment of the Public Service and the Foreign Investments Acts will be all the more necessary for the country to be stronger and more agile in the post-crisis recovery.

## **C. FINANCING THE PROPOSED FY 2021 NATIONAL BUDGET**

On top of the expected and inevitable uncertainties in the global trade environment as a consequence of the COVID-19 world health

crisis, there can be no denying the fact that the impacts of the pandemic – both current and lasting – will greatly influence the way our revenues vis-à-vis expenditures will behave from here on. This has been, and will continue to be, a major concern of government, particularly in the light of the Philippine economy's slide into a recession in the second quarter of 2020.

It is thus imperative that the Administration adopt a judicious but sustainable financing strategy for 2021. One that takes into account the scale of the resources needed to craft and implement an effective COVID-19 response, as well as provide the economic stimulus needed for a successful economic recovery while maintaining the country's prudent fiscal track record.

## **1. Fiscal Program**

Although we expect a slowdown in government revenue collections for this year — projected to reach PhP2,519.8 billion, down from PhP3,137.5 billion in 2019 — estimated disbursements will remain robust at PhP4,335.2 billion, from PhP3,797.7 billion in 2019, given the implementation of our Coronavirus rescue and stimulus plan under the Bayanihan Law I, and if enacted, under the Bayanihan Law II.

Despite the significant blow dealt by the pandemic on both our tax base and tax collections, we intend to sustain next year our government disbursements at PhP4,467.0 billion to recover and grow the economy, consistent with the PhP4.506 trillion cash budget.

This cash budget for 2021 will be supported by revenues amounting to PhP2,717.4 billion representing 13.2 percent of GDP, and borrowings of PhP3,025.2 billion to finance the deficit amounting to PhP1,749.6 billion. Equivalent to 8.5 percent of



GDP, this deficit is historically high, but it will be lower than the 9.6 percent of GDP estimated for this year and it will continue to decline in 2022. We shall remain fiscally responsible.

On the expenditure side, we will make sure that resources are available – especially those that are urgently needed, not only to combat the pandemic and fund strategic infrastructure projects, but also to help those who have been and may continue to be greatly affected by other man-made and natural calamities.

Thus, efficient cash management is crucial.

Indeed, this has been, and remains a cornerstone of our budget planning and implementation. And consistent with this, as part of our COVID-19 response, the Administration issued National Budget Circular No. 580 last April 22, adopting nationwide austerity measures in the government to ensure that cash is always available to address emergencies related to the pandemic. This measure is meant to guarantee immediate access to funds or resources through the discontinuation of less priority and deferrable programs and projects in order to address various COVID-19 concerns, while ensuring uninterrupted government operations in the midst of the crisis.

Fortunately, and indeed as planned and foreseen, we are now seeing the fruits of the reforms in the public financial management sector that we have implemented since Day 1 of this Administration.

For one, the institutionalization of our Treasury Single Account (TSA) now puts us in a much better position to not only monitor, but view the status or overall picture of our available cash at any point in time, thus enabling us to tap into such resources



immediately for urgent COVID-19 operations. It even helps us track and identify in real time the public funds that may just be sitting in various bank accounts.

## **2. Revenue Performance and Projections**

As an economy dependent on personal consumption and household spending, our growth prospects, and revenues in particular, have been severely threatened by the community quarantine and restricted mobility regulations implemented in key economic centers.

The lockdowns have definitely affected the tax bases and performance of the government's two largest revenue-generating agencies, namely the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BoC).

Preliminary figures warn us of the need to brace for the inevitable impact. For the first semester of 2020, the BIR's PhP956.4 billion and BoC's PhP253.1 billion collections reflected reductions of 10.3 percent from the PhP1,066.3 billion, and 16.5 percent from the PhP303.0 billion, respectively, collected for the same period last year.

We expect the total revenue collections of government for 2021 to grow by 7.8 percent to PhP2,717.4 billion, from this year's estimated PhP2,519.8 billion. At this level, our tax effort is expected to be relatively stable at 12.3 percent, despite the anticipated lingering impacts of COVID-19.

Of the total PhP2,717.4 billion receipts, tax revenues will amount to PhP2,541.6 billion, 15.3 percent higher than this year's PhP2,205.2 billion. The bulk of this amount, or PhP1,904.2 billion, will come from the BIR, PhP619.5 billion will



be provided by the BOC, and the remaining PhP17.8 billion will come from other offices.

On the other hand, non-tax revenues will reach PhP175.4 billion, the bulk of which will come from the collections of the Bureau of the Treasury, representing its income from interest earned from placements of Bond Sinking Funds and Securities Stabilization Funds, among others, and the dividends from government corporations, and shares from the stocks of the National Government. Other sources of non-tax revenues also include fees and charges, such as passport and registration fees from the Department of Foreign Affairs and Land Transportation Office.

The implementation of the Comprehensive Tax Reform Program (CTRP) will continue to strengthen our revenue base, and reform our existing corporate income tax system. Package 1A or the Tax Reform for Acceleration and Inclusion (TRAIN) Law is estimated to generate PhP133.9 billion in additional revenues next year, while Package 2 Plus will contribute another PhP26.1 billion. The projected reduction of government revenues from the Package 2, or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) bill meanwhile, is PhP97.2 billion. In sum, these CTRP receipts are estimated to contribute to the government coffers some PhP62.7 billion next year.

In view of this, allow me to take this opportunity to appeal to the honorable men and women of Congress to consider as urgent and pass the CREATE bill. This is crucial to our stimulus strategy to lift up flagging local firms affected by the pandemic. The CREATE bill seeks to provide an outright five percent reduction in the corporate income tax rate, from the present 30 percent to a more competitive flat rate of 25 percent until

2022; to be followed by a one percentage point yearly reduction until 2027; finally reducing it to 20 percent by then.

Other key features of the bill are the extended applicability of net operating loss carry-over (NOLCO) for losses incurred during the current year; more flexible tax incentives; and a longer sunset period for companies currently receiving tax incentives.

Finally, I have also directed my economic managers to speed up the digitization of our entire financial management operations, to offset the impact of COVID-19 on the regular operations of our revenue-collecting agencies. This entails the development of digital taxation and ICT infrastructure, such as the EGov Pay Facility, to digitize government collections and disbursements. With this at hand, we expect to limit the need for physical tax payment transactions at the BIR, thereby reducing unnecessary exposure to COVID-19 infections, but more importantly, promoting contactless and less corruption prone transactions.

### **3. Borrowings**

The fruitful years of our responsible fiscal efforts under my watch are now being put to the test.

But, let me say this with full certainty and confidence.... We stand on solid ground!

Our fiscal foundation is supported by a strong cushion that permits us to increase public borrowings as a result of this Coronavirus global outbreak. As of the end of 2019, our government debt to GDP had gone below the 40 percent benchmark of our peer countries.





From consistently managing and maintaining our deficit relative to GDP at conservative levels at 3 percent of GDP, the decision has been made to break from tradition and increase deficit financing. It is necessary – and is justified. Tax collections are down. But this pandemic does not excuse us from our obligation to spend more for our people, especially with the threat of the acceleration of the COVID-19 contagion still within the horizon.

Where tax revenue collections are dwindling – and when government spending is most critically needed – government has to resort to deficit spending.

We will continue to stir and rev up our domestic economy, and of course, further ensure that these borrowed funds are used principally for labor-intensive and growth-inducing spending, particularly for strategic infrastructure projects. This will help us mitigate – if not fully offset – the detrimental effects of the pandemic on our real GDP growth and employment, the tax base in particular.

For 2021, the deficit as a share of GDP will more than double, from the historical PhP660.2 billion, or 3.4 percent of GDP, last year to about PhP1,749.6 billion, or 8.5 percent of GDP.

The deficit will be financed by gross borrowings amounting to PhP3,025.2 billion. Of this amount, PhP442.4 billion will be raised from external sources, while the remaining PhP2,582.8 billion will come from domestic lenders. This represents a more conservative gross financing mix of 85:15 between domestic and foreign borrowings. We remain consistent with our strategy to lessen risks from foreign exchange rate exposure while at the same time supporting the development of the local debt market. We will not compete or take away financial



resources from the private sector, especially our small and medium-sized enterprises.

The good news is that despite the higher deficit financing for 2021, our economy is capable enough to afford it and raise it.

Our favorable debt profile speaks for itself. The country's debt has been consistently on a downward trajectory, with debt-to-GDP ratio declining from 59.7 percent in 2005 to 39.6 percent in 2019. The higher financing requirements will raise the 2021 debt-to-GDP ratio to 53.9 percent based on the financing program as of July 28, 2020.

Ours remains one of the lowest among the ASEAN member countries in terms of debt-to-GDP ratio. This credit-worthiness and track record in economic management will also make borrowings less expensive for us.

#### **D. KEY BUDGET PRIORITIES: FOCUSING ON THE NEW POLICIES**

In crafting the proposed budget of the national government for each fiscal year of my Administration, our priorities had always been consistent in terms of vision and direction. We had a clearly defined goal, and we had a roadmap for the journey that would get us there.

No one foresaw, as we ushered in 2020, the magnitude and impact of a global pandemic – an unprecedented health crisis against which we had as yet no protection or defense, and no treatment.

In the face of this development, and as I so clearly stated in my State of the Nation Address – “when the pandemic struck, I decided to prioritize life over other considerations.”



And this continues to be our focus in 2021, reflected in our Proposed National Budget of PhP4.506 trillion. We will prioritize the social services sector and fund health-related COVID-19 programs to address the continuing pandemic, without losing sight of the equally challenging task of resuscitating the economy.

## **1. Health, Nutrition, and Wellness**

### **Sustaining Our COVID-19 Pandemic Response**

The various levels of strategically imposed and implemented community quarantines over these past few months – basically General Community Quarantine (GCQ) and Enhanced Community Quarantine (ECQ) – have accorded the government sufficient time to expand testing capacities, promote isolation to lessen the spread of infection, and enable intensive contact tracing to halt the virus in its tracks. By further putting in place other health measures, we have been able to prevent an estimated 1.3 to 3.5 million COVID-19 infections. Without this urgent action of the Administration, our population would have been dealt a more devastating blow and be reeling from immediate impacts and far-reaching consequences of the virus.

Sustaining the positive impact of this pandemic response, through the Universal Health Care Act, the government aims to test 2-3 percent of the population, or 2.2 million to 3.3 million individuals, by September this year.

We need to be relentless in our pursuit of putting an end to the pandemic in the country so that we resume the momentum in strengthening our economy and building a high-trust society for Filipinos.

Thus, even as we hope and pray for an end to this health crisis,



particularly in terms of the development and eventual availability of a vaccine to control the spread of the virus, we are prepared to address the continuing challenges of the pandemic in 2021.

### **Assuring Nationwide Health Insurance Coverage**

Still on track in the mission to provide better health care for all, we will strengthen the National Health Insurance Program (NHIP) to guarantee its capacity to fully address future challenges and consequences of the COVID-19 pandemic. A budget of PhP71.4 billion is allotted for the Philippine Health Insurance Corporation (PhilHealth) to subsidize the health insurance premiums of 13.22 million indigent families identified under the National Household Targeting System of the DSWD and 7.30 million senior citizens pursuant to R.A. No. 10645 (An Act Providing for the Mandatory PhilHealth Coverage for All Senior Citizens).

To ensure the continued availability of hospital equipment and the regular upgrading of facilities, I have authorized specialized hospitals under the Department of Health (DOH) to utilize at least 35 percent of their income to purchase and upgrade their hospital equipment. In addition, income sourced from PhilHealth reimbursements are to be used exclusively by specialized hospitals for the improvement of their facilities and the replenishment of drugs, medicines, and vaccines.

### **Supporting Human Resources for Health**

The Human Resources for Health (HRH) Program, which deploys doctors, nurses, and other health professionals to disadvantaged communities, and national and private hospitals during this pandemic, is allotted PhP16.6 billion, an even larger



amount than the PhP10.0 billion budgeted for this year. Of this amount, PhP15.7 billion will be used to pay for the salaries and allowances of health workers while some PhP842 million will support its medical scholarship program. This PhP6.6 billion, or a 39.8 percent increase in the HRH budget is a testament to the Administration's resolve to ensure that the medical needs of every Filipino are addressed as we struggle to rebound from this health emergency. This budget will make possible the hiring of 26,035 health workers.

Further, to ensure the safety of our health workers, we will allocate PhP2.7 billion for the procurement of more than two (2) million sets of personal protective equipment (PPE) for hospitals, laboratories, and regional swabbers.

An additional budget of PhP1.0 billion will be appropriated for the procurement of GeneXpert (RT-PCR) machines and cartridges for the fast and accurate testing of COVID-19 cases. A PhP2.5 billion fund is set aside for vaccine purchase to initially inoculate some 3.9 million individuals.

### **Enhancing Programs for Prevention, Control, and Elimination of Other Diseases**

While our COVID-19 response – which covers a wide range of activities, from prevention of transmission, treatment of those infected, and rehabilitation of those who have recovered – takes primary focus in our health agenda for 2021, we nonetheless aim for a thorough and comprehensive approach to health and wellness that continues to tackle health issues on all fronts.

Prevention, control, and elimination of diseases remain paramount for an emerging economy – and more so for one



confronted with the challenges of economic recession. In fact we will set aside some PhP283 million under the Department of Science and Technology (DOST) to support the initial funding for the establishment of the Virology Science and Technology Institute of the Philippines (VIP). The VIP is envisioned to be the country's premiere research and development institution that will undertake studies on novel, emerging, and re-emerging viruses affecting not only humans but animals and plants as well.

Not only do we aim to prevent the spread of the pandemic, but we are determined to control other diseases that pose potential health risks. The government will set aside PhP5.9 billion to prevent and control other diseases, communicable or otherwise, through various DOH programs such as Tuberculosis Control, Rabies Control, and Prevention and Control of Other Infectious Disease, among others.

#### **Improving Other Aspects of Filipino Health and Nutrition**

Other aspects of health that we intend to improve are nutrition, immunization, and access to health services. In view of this, we will allocate PhP7.7 billion to cover the National Immunization Program, protecting the Filipino children from preventable diseases. Another PhP3.7 billion is set aside under the DSWD's Supplementary Feeding Program to reduce the incidence of malnutrition and stunting in the country. Some PhP159 million will also be set aside for DOH's Nutrition Package for the First 1000 Days Program and Complementary Feeding Program to provide complete nutrition to children and pregnant mothers.

Also, the government will allocate PhP16.8 billion for hospitalization and assistance to indigent patients and PhP490 million for the *Malasakit* Centers nationwide.



A total of Php4.7 billion is earmarked for the Health Facilities Enhancement Program, to construct, equip, and upgrade government health care facilities, giving priority to areas with large number of poor families of households under the National Household Targeting System for Poverty Reduction. This will be augmented by the Php5.3 billion from loans from the World Bank and Asian Development Bank for the procurement of PPEs and equipment and the construction of testing and isolation facilities in strategic national hospitals nationwide. Another Php5.5 billion is allotted under the Unprogrammed Appropriations for the construction of health facilities should additional revenues and foreign project loans be accessed. Some Php20.9 billion will be earmarked for the Purchase of and Allocation of Drugs, Medicines, and Vaccines for distribution to government facilities.

As mentioned, we will be allocating Php0.8 billion for DOH Pre-Service Scholarship Program to provide scholarships and grants for aspiring medical and allied health professionals. Not only will this assure access to greater opportunities for the less privileged to be part of the health sector, but we are also ensuring the nation that we will not run out of medical experts as we steer towards a healthier and more resilient future.

## **2. Education**

One of the inescapable realities of the current health crisis is that its impacts extend beyond the medical or physical, and involve even the interruption of the educational development process. This has consequences on intellectual and emotional growth, which is crucial to the integral development of our people, especially the youth, and their earning capacities later in life.



Thus, even as our pandemic response is designed on a framework of health, we do not set aside our focus on education – which has always been, and will continue to be, a key priority of this Administration.

For 2021, the education sector will continue to receive the largest share of the total budget pie with PhP754.4 billion. The bulk of this amount will go to the Department of Education (DepEd) with PhP606.5 billion, or 80.4 percent; followed by the Commission on Higher Education (CHED) with PhP50.9 billion (or 6.7 percent), and the Technical Education and Skills Development Authority (TESDA) with PhP13.7 billion (or 1.8 percent).

Under our banner program Universal Access to Quality Tertiary Education (UAQTE), PhP44.2 billion will be provided for CHED, to support the free higher education of 1.34 million students in State Universities and Colleges and CHED-recognized Local Universities and Colleges, support the Tertiary Education Subsidy of 679,735 students, and finance the Student Loan Program for 16,000 students who are enrolled in public and private Higher Education Institutions. Likewise, some PhP2.9 billion for the UAQTE under TESDA will fund the free technical-vocational education and training of 21,223 students.

Other financial support and subsidies for the education sector include, among others, the PhP26.3 billion worth of vouchers and education subsidies to 2.7 million junior and senior high school students under the Education Service Contracting for Junior High School (JHS) and the Senior High School (SHS) and Joint Delivery Voucher Programs of DepEd; CHED's PhP1.5 billion in financial assistance to 44,115 qualified students who are enrolled in public and private Higher Education Institutions;





TESDA's PhP200 million for the training fees and allowances of 8,333 TVET students covered by the Private Education Student Financial Assistance.

Our priorities for the education sector under the 2021 Proposed Budget, however, have been reshaped — even reset — to respond to specific demands and challenges that require the adoption of flexible and blended learning. And this will be achieved through a two-pronged strategy, namely: a) expanding and institutionalizing flexible and multi-modal learning and teaching options with PhP15.2 billion; and b) funding the expansion of DepEd's Computerization Program, PhP9.0 billion.

Under this scenario, this education strategy will truly be flexible — it will not only be online. Through Blended and Distance Learning Modalities, lessons will be delivered to the students in the comfort and safety of their homes through printed and digital modules, which will be picked up by students, or their parents at designated places, within coordinated schedules. Teaching with the use of radio- and television-based technology will also be done for students.

For 2021, DepEd targets to print 944.4 million learning modules, as well as provide transistor radios, for learners who have limited access or have absolutely no access to technology. Likewise, 37,221 multimedia packages (1 laptop, 1 television set) will be distributed in public schools nationwide under the DepEd Computerization Program. In addition, the Department of Education will allot PhP24.1 billion to construct 5,174 new classrooms, and procure 38,917 sets of school seats, among others, under its Basic Education Facilities Program.



Next year, health literacy will be an important item in our schools' curricula. For this purpose, I have given specific instructions to Education Secretary Leonor "Liling" Briones to capacitate our educators/teachers to have sufficient and reasonable information to help our citizens equip themselves with at least a basic level of health literacy skills to better respond to a pandemic or disaster, in particular the prevention of infection. Through this, the role of each and every one of us will no longer be passive. We will do our part in avoiding the creation of secondary transmission chains.

Finally, we will enjoin private educational institutions to help us in this endeavor. I believe that public-private educational partnerships could grow in importance during these trying times.

### **3. Food Security**

#### **Assuring Sustainable Food for All**

As we emerge from the ravages of a global pandemic, availability and access to affordable, quality, and nutritious food will continue to be crucial factors in our recovery. The unhampered and continuous movement of quality agricultural goods and services is critical in ensuring that every Filipino household will have food on their tables.

Hence, a budget of PhP142.5 billion is provided for agriculture and agrarian reform in 2021. Of this amount, some PhP66.4 billion is allotted for the Department of Agriculture (DA) to accelerate the agricultural production of farmers and fisherfolk. Recipient national programs include the PhP15.7 billion for rice; PhP3.5 billion for fisheries; PhP1.5 billion for corn; PhP1.6



billion for high value crops; PhP1.2 billion for livestock; and PhP520 million for organic agriculture.

To ensure stable rice supply even during emergencies and disasters, the National Food Authority (NFA) will be provided with PhP7.0 billion to procure 368,421 metric-tons of *palay* through the Buffer Stocking Program to be used in times of calamities, fortuitous events, or shortfall in production sourced solely from local farmers.

Through the PhP10.3 billion allocation for the Farm-to-Market Roads (FMRs), a total of 1,126.87 kilometers (km) of FMRs will be constructed, repaired, and rehabilitated all over the country.

Aside from the efficient transport and logistics system to and from the production areas and markets, PhP2.3 billion will be used to construct various agricultural facilities nationwide, such as post-harvest facilities and other infrastructure that support the national programs of the DA. For the fisheries sector, we are allotting PhP5.2 billion for the Philippine Fisheries Development Authority to construct, rehabilitate, and improve fish ports under the Fisheries Infrastructure Development Program. These include the regional fish ports located in Navotas (PhP3.1 billion); Zamboanga City, Zamboanga del Sur (PhP456 million); Davao City, Davao del Sur (PhP243 million); Lucena, Quezon (PhP139 million); Iloilo City (PhP287 million); Camaligan, Camarines Sur (PhP72 million); and Sual, Pangasinan (PhP141 million), among others.

As we continuously improve and develop the country's irrigation systems, PhP31.5 billion will be proposed for the irrigation services of the National Irrigation Administration (NIA). This amount will ensure the fast-paced implementation of various irrigation projects throughout the archipelago to

irrigate 2,303,581 hectares (ha) of farmland for all the cropping seasons in 2021, of which 1,399,707 ha are from national irrigation projects while 903,874 ha are communal irrigation projects. Projects include, among others, are (a) thirty (30) ongoing national irrigation systems that are classified as Locally-Funded Projects (PhP3.649 billion) and (b) one (1) Foreign-Assisted Project (PhP1.819 billion). To complement NIA's efforts, some PhP956 million will be given to the Agriculture department for its Small-Scale Irrigation Program, which will service 5,383.97 ha.

Committed to abide by the provisions of Republic Act No. 11203, or the Rice Tariffication Law, we have earmarked PhP10.0 billion for the Rice Competitiveness Enhancement Program (RCEP) in 2021. An additional PhP2.1 billion corresponding to the excess of PhP10.0 billion tariff collections from rice importation in FY 2019, will be allocated as follows: PhP1.1 billion is allotted for Crop Diversification Program and PhP1.0 billion for Expanded Crop Insurance Program on Rice under the budget of the Philippine Crop Insurance Corporation (PCIC). The government will continue to help our farmers improve their competitiveness and productivity by providing them with machineries and equipment, high-yielding seeds, and credit assistance, among others.

Besides the RCEP, we will also aim to conduct other financial assistance programs for the AFF Sector. The PCIC, for instance, will be given PhP4.5 billion in total --PhP1.0 billion of which was sourced from the total annual tariff revenue collections from rice importation in excess of PhP10.0 billion-- for its agriculture insurance premiums for 2.1 million subsistence farmers and the Agricultural Credit Policy Council will be given PhP2.5 billion credit support for 26,243 small farmers and fisherfolk and 97 micro and small enterprises.



The COVID-19 pandemic underscored the importance of research and development to improve and develop technologies for the agriculture sector, the modernization of the equipment used by our farmers in particular. For 2021, PhP353 million, on top of the RCEP provision, will support the Philippine Center for Postharvest Development and Mechanization to effectively implement its mandate of increasing the efficiency and productivity of the sector.

For the fishery subsector, the Bureau of Fisheries and Aquatic Resources will receive PhP4.6 billion to develop, manage, and conserve the country's fisheries and aquatic resources. Of this amount, PhP3.5 billion will go to our National Fisheries Program to ensure the seamless distribution of quality fish seeds and fishing gears/paraphernalia, establishment of seaweed nurseries, and maintenance of hatcheries and mariculture parks, among others.

#### **4. Social Protection**

##### **Protecting Filipinos from Economic Risks and Insecurities of Life**

The global health menace presents a serious risk that necessitates the protection of the most vulnerable.

While indeed it is true that the COVID-19 pandemic is indiscriminate in the sense that it affects both rich and poor, young and old, or men and women, still and without doubt, it is the vulnerable and marginalized sectors – the poor in particular – who will be most affected because of the limited economic mobility and the high cost of medical care. This, on top of possible loss of income due to unemployment given our



predominant informal sector and huge number of micro, small, and medium enterprises (MSMEs).

To address this reality, some PhP171.2 billion will be provided to the Department of Social Welfare and Development (DSWD) for 2021 to make sure that safety nets are in place as the nation heads for choppy waters. Of this amount, PhP113.8 billion will be provided for the continued implementation of our *Pantawid Pamilyang Pilipino* Program (4Ps) to give educational and health grants, as well as rice subsidy, to 4.4 million household beneficiaries; while PhP23.2 billion will be set aside for the Social Pension for Indigent Senior Citizens to pay for the PhP500 monthly social pension of 3.8 million indigent senior citizens. Likewise, we will infuse some PhP12.0 billion in financial assistance to more than 1.7 million individuals and families in difficult circumstances through DSWD's Alternative Family Care Program, Protective Services Program and Comprehensive Program for Street Children, Street Families, and Badjaos. The Department's Sustainable Livelihood Program will amount to PhP4.3 billion in an effort to ensure that poor, vulnerable, and marginalized households (including 4Ps beneficiaries) and communities will improve their socio-economic condition by accessing and acquiring necessary assets to engage in and maintain thriving livelihoods.

To assist in cleaning up the registries of the 4Ps and other means-tested programs as well as enable the faster provision of financial subsidies to the poor, a total of PhP4.1 billion will likewise be allotted to fast-track the implementation of and registration to the Philippine Identification System (PhilSys). Some PhP85 million is also provided for the Community Based Monitoring System (CBMS) to assist the LGUs in improving their local residence registries which will complement the PhilSys in



the targeting and provision of economic and social services at the local level, especially during calamities and disasters.

### **Improving Income Support Systems and Welfare Beyond Borders**

The 2021 Proposed Budget contains provisions for improving systems for social protection programs and income support systems not only through cash transfers. It will also fund programs intended for cash for work, unemployment insurance, emergency employment, and wage subsidies using digitization.

For 2021, the Php27.5 billion allocation for the Department of Labor and Employment (DOLE) will support an Php11.1 billion Livelihood and Emergency Employment Program. This will enable an estimated 2.1 million beneficiaries to be covered by the *Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers* (TUPAD) Program and Government Internship Program (GIP) in the total amount of Php9.9 billion. An amount of Php810 million is also reserved under DOLE Integrated Livelihood Program (DILP) to assist 23,007 beneficiaries.

For 26,107 displaced workers in the formal sector, the amount of Php392 million is lodged under Adjustment Measures Program (AMP) to mitigate the adverse impacts of the economic crisis, natural and man-made calamities, and pandemics, such as the COVID-19.

To help local businesses and MSMEs recover as we recalibrate the opening of the domestic economy, we must ensure that technical assistance and credit is always available to these productive sectors of the economy, especially in the



countryside. For this purpose, we will infuse some PhP2.3 billion for the MSME Development Program of the Department of Trade and Industry (DTI) which includes its Livelihood Seeding Program - *Negosyo Serbisyo sa Barangay* with an allocation of PhP203 million.

To address the cash flow constraints resulting in increased debt, difficulty in covering overhead cost, as well as supply chain interruptions experienced by MSMEs, its corporate arm — the Small Business Corporation — will be given a PhP1.5 billion war chest to support its *Pondo Sa Pagbabago at Pag-asenso* Program. Qualified micro enterprises with asset size of not more than PhP3 million are entitled to borrow from PhP5,000 to PhP200,000 while small enterprises with asset size of not more than PhP15 million can avail as much as PhP500,000. For next year, we target to help a total of 60,000 MSME borrowers.

The employment generation potential of the tourism sector is well acknowledged – and will be harnessed. That is why we are investing some PhP35.7 billion for the promotion of the convergence program for Tourism Development, to serve as a bouncing-back fund for the Re-Start Up Program for MSMEs and community-based organizations accredited by the Department of Tourism (DOT).

To ensure the safety of our repatriated unsung heroes from various host countries affected by displacement and lockdowns due to the COVID-19 pandemic, a total of PhP6.2 billion under the Overseas Workers Welfare Administration (OWWA) will be set aside for its Welfare Services. Out of the PhP6.2 billion, PhP3.6 billion is lodged under the Emergency Repatriation Program to provide airport assistance, temporary shelter, psychosocial counseling, stress debriefing, and transport





services/allowance to respective provinces of repatriated OFWs. This will also cover the estimated 88,000 OFWs to be repatriated in FY 2021 due to the COVID-19 pandemic. Furthermore, PhP2.5 billion is allocated for the DOLE *Abot - Kamay ang Pagtulong* (AKAP) Program to provide financial assistance to 150,000 affected onsite OFWs and 100,000 repatriated OFWs (*Balik Manggagawa*); and PhP100 million will be provided for the cost of service of locally-hired paralegals.

### **Integrating Health in the Housing and Urban Development Agenda**

The World Health Organization lists, among others, three vulnerable groups in urban settings in COVID-19 outbreaks, namely: the informal settlers; the urban poor; and homeless and people living in inadequate housing conditions.

For this reason, we will integrate hazard and health standards in our housing and urban development agenda under the proposed budget for 2021. We will combine gray, green, and blue infrastructures in our housing and urban planning to provide for more open and green spaces and better walkability that allow for social distancing.

The COVID-19 virus spreads more rapidly in overcrowded housing. Larger open spaces can help communities carry out emergency services and evacuation protocols, when necessary.

To address overcrowding and lack of open spaces, we will infuse some PhP2.2 billion for our *Balik Probinsya, Bagong Pag-asa* Program under the budget of DSWD, which will support the decongestion of General Metro Manila area and adjacent urban cities, promotion of regional socioeconomic development, and

establishment of mechanisms for sustainable reintegration. This will be done by providing transportation and relocation assistance, transitory family support package, and livelihood settlement grants to 10,000 returning families and receiving community members. Moreover, a total of PhP0.6 billion under the budget of the Department of Human Settlements and Urban Development aims to improve our resettlement infrastructure support.

We will also allot PhP1.0 billion to the National Housing Authority for the resettlement of informal settler families (ISFs) affected by the rehabilitation and clean-up of the Manila Bay area; and PhP369 million to the Social Housing Finance Corporation to ensure safe and flood-resilient housing solutions for ISFs residing in danger areas in Metro Manila.

## **5. Preparedness and Resiliency**

### **Promoting Infrastructure Development for Better Health Services, Ease of Transportation, and Mobility**

***Infrastructure development as key to economic revival and recovery.*** Because of our strong macroeconomic fundamentals and high credit rating that we owe to our prudent fiscal and monetary management, we are able to borrow more at lower costs from more sources. This allows us to accelerate our Administration's flagship *Build, Build, Build* Program, despite the projected decrease in revenue collections in the coming years.

Because of its high multiplier effect on economic growth and output, infrastructure development is indispensable in reviving the Philippine economy during and after the COVID-19 pandemic. Labor-intensive programs, activities, and projects



under the *Build, Build, Build* are expected to generate some 140,000 to 220,000 additional jobs next year and spur the private sector to invest in manufacturing and construction activities, thus laying the foundations for an economic recovery in 2021.

Recognizing this, we are allocating a hefty amount of PhP1.107 trillion in the FY 2021 proposed National Budget for restarting and accelerating the *Build, Build, Build* Program, which will comply with health and safety protocols of the DOH and the COVID-19 Inter-Agency Task Force (IATF) for the Management of Emerging Infectious Diseases. This is equivalent to 5.4 percent of GDP and significantly higher by 13.4 percent than the PhP976 billion programmed for this year, which is equivalent to 4.6 percent of GDP.

Our proposed infrastructure budget consists of shovel-ready projects focused on enhancing the delivery of health and essential services and improving the transportation and mobility of people and goods amid the pandemic. These projects also aim to facilitate the transformation to a Philippine electronic government (e-government) to help our countrymen cope with the conditions of the post-pandemic environment.

The intensified infrastructure spending for 2021 will fortify our fight against COVID-19. It signifies that, in spite of the bleak economic perceptions and uncertainties brought by the pandemic, we are still confidently on track in marshalling the Philippines' Golden Age of Infrastructure, which will build a solid foundation to our promise of providing a comfortable life and a bright future for all Filipinos by 2040.

***Putting a premium on medical infrastructure.*** The COVID-19 pandemic greatly tested our country's health care system and



became an eye-opener for the government on the need to effectively address the gaps and limited capacities of our health facilities. On a positive note, it also provided an opportunity for us to innovate and help our brave frontliners who are selflessly serving their fellow Filipinos.

For 2021, as mentioned, we will continue to prioritize the construction of health facilities and hospitals for quarantine and treatment of COVID-19 and other infectious diseases. Hence, PhP8.3 billion will go to the Health Facilities Enhancement Program and related foreign-assisted projects to upgrade the capacities of our public hospitals and health facilities by providing them with sufficient and appropriate medical equipment and testing and isolation facilities to help them respond more effectively to the pandemic.

***Ensuring seamless movement of essential cargoes, goods, and services through a reliable road systems network.*** As the government's chief infrastructure agencies, the DPWH and the Department of Transportation (DOTr) will continue to receive substantial allocations amounting to PhP667.3 billion and PhP122.9 billion in 2021, respectively, making up the bulk (71 percent) of the total PhP1.107 trillion proposed infrastructure program. Representing increases over the 2020 budgets of 12.8 percent and 59 percent, respectively, these amounts will be used to implement major projects under the *Build, Build, Build* that seek to establish better connectivity for Filipinos and upgrade the quality of the nation's road, rail, air, and water transports.

For DPWH, some PhP386.7 billion or equivalent to 57.9 percent of the agency's proposed budget will be for the implementation of its core programs, particularly the Asset Preservation Program, Network Development Program, Bridge Program, and



Flood Management Program; while PhP176.2 billion is intended for the Local Program to support various local infrastructure programs and projects, such as the construction of local roads and bridges, multi-purpose buildings, school buildings, water supply, septage and sewerage, among others.

To guarantee the safety and reliability of our national road systems and ensure the unhampered movement of essential goods and services, we will allocate PhP59.0 billion to the Asset Preservation Program for the preventive maintenance of 955.021 km of roads; repair, reconstruction, and upscaling of 321.66 km of damaged paved roads; rehabilitation and reconstruction of roads with slips, slope collapse, and landslide; and construction, upgrading, and rehabilitation of drainage along national roads.

To further improve connectivity and mobility across the archipelago, the Network Development Program will be allotted PhP157.5 billion, higher by PhP44.1 billion or 28 percent, than its corresponding adjusted budget of PhP113.4 billion for this year. Some of the major provisions under this Program are the PhP10.2 billion allocation for the Davao City Bypass Construction Project (South and Center Sections) and the PhP7.0 billion for the Improving Growth Corridors in Mindanao Road Sector Project.

The Convergence and Special Support Program of the DPWH will be funded with PhP50.2 billion next year. Of this total, PhP23.9 billion will be used to construct and rehabilitate local access roads to tourist destinations, and PhP11.6 billion to create and improve roads leading to trade, industries, and economic zones. PhP2.5 billion and PhP2.0 billion will be for access roads leading to seaports and airports, respectively.

Because bridges play a critical role in transporting raw materials and finished products to factories, markets, and consumers across the archipelago, we will invest PhP44.4 billion in our Bridge Program for the construction, maintenance, retrofit, repair, rehabilitation, and widening of bridges all over the country. Of this amount, PhP2.6 billion will be allotted for the Metro Manila Priority Bridges for Seismic Improvement Project, which aims to enhance the seismic bridge design specifications of the Lambingan and Guadalupe Bridges on the arterial roadways to make them more secure and resilient in the event of earthquakes and other disasters; and PhP4.8 billion will fund the Priority Bridges crossing Pasig-Marikina River and Manggahan Floodway Bridges Construction Project.

To provide long-term solutions to the incessant flooding in Metro Manila and other flood-prone areas of the country, a total of PhP125.9 billion will be provided to sustain the Flood Management Program of the DPWH. The Program will fund the PhP11.9 billion Pasig-Marikina River Channel Improvement Project (Phase IV) and the PhP16.9 billion Ambal-Simuay River and Rio Grande de Mindanao River Flood Control Projects.

***Upgrading rail and public transport systems to comply with the post-pandemic environment.*** As we move forward to the post-pandemic life, it is crucial to refocus our transport infrastructure programs towards building a more efficient, inclusive, and resilient public transport system that complies with minimum health and safety guidelines. Of the PhP122.9 billion budget of the DOTr, PhP106.3 billion --or 86.5 percent-- will finance the strengthening and modernization of the country's rail system to help relieve the burdens of the commuting public. Some PhP58.6 billion will be for the North-South Commuter Railway System, PhP34.6 billion for Phase 1 of the Metro Manila Subway Project, PhP3.1 billion will be for the MRT 3 Rehabilitation and



Maintenance, and PhP3.0 billion for Philippine National Railways South Long Haul Project. The DOTr is also exploring the use of cashless ticket payment in rail systems as part of its efforts to digitalize, in adherence with social distancing measures.

PhP16.2 billion will be allotted for the Land Public Transportation Program, of which, PhP14.8 billion is intended for payment of right-of-way. Likewise, we propose a budget of PhP0.2 billion for the Maritime Infrastructure Program to make the most of the country's water resources for the shipment of cargoes and other crucial goods.

***Supporting infrastructure projects in LGUs.*** The LGUs are not only the national government's partners in development, but also one of its greatest allies in the battle against the COVID-19 pandemic as well as poverty. To ensure that the necessities of our people in cities, municipalities, and provinces are provided amid quarantine restrictions, we need to properly and effectively synchronize national government efforts with the needs of our local governments.

Hence, we will continue to invest in local infrastructure development projects that will improve the delivery of basic social services in LGUs. Appropriations amounting to PhP28.8 billion will be for the Local Government Support Fund, with PhP16.4 billion allotted to support the Barangay Development Program for cleared barangays of the National Task Force to End Local Communist Armed Conflict (NTF-ELCAC).



## **6. Enhancing Interoperability to Address Coordination Gaps**

### **Transitioning to a digital government**

Digital connectivity and access supported by a secure and reliable information and communications technology (ICT) infrastructure system is paramount to lay the groundwork for our digital transformation. Leveraging ICT will help us improve coordination between essential stakeholders, make sound and data-based policy decisions in responding to the threats of COVID-19, deliver critical services to our citizens compliant to health and safety protocols, and keep the economy running.

Thus, my Administration is providing a budget of PhP21.4 billion to cover next year's Medium-Term Information and Communications Technology Harmonization Initiative (MITHI) expenditures to harmonize and ensure interoperability of the government's ICT resources, programs, and projects. Of this amount, PhP9.4 billion will sustain the government's daily operational ICT expenses, such as the maintenance of computers and data centers, replacement of outdated desktops and internet subscriptions, and payment for license subscriptions, among others.

To aid in the shift to e-governance post-pandemic, PhP7.6 billion will fund the ICT requirements for telecommunications infrastructure. This amount includes provisions for the Department of Information and Communications Technology's (DICT) Free Internet Wi-Fi Access Connectivity in Public Places Project, PhP2.4 billion; National Government Data Center, PhP2.1 billion; National Broadband Plan, PhP903 million; and National Government Portal, PhP197 million.





We are also taking steps to digitize our tax system to provide convenient, faster, and more transparent services to our taxpayers. For 2021, PhP1.4 billion will be used to sustain and expand the BIR's existing ICT programs and projects, and develop new ICT systems to enhance revenue collection.

### **Protecting the people's digital privacy**

My Administration is committed to protect the people's digital privacy and take action against criminal minds exploiting the internet and the pandemic for personal gain by means of online fraud, phishing, and other forms of cybercrime. We will also strive to safeguard the sensitive personal information of suspected, probable, and confirmed COVID-19 patients to protect them from threats and unlawful discrimination.

With an allocation of PhP1.0 billion, the DICT will sustain its cybersecurity efforts and ensure the confidentiality of sensitive information of our government, businesses, and individuals. We will also provide PhP215 million for the National Privacy Commission to enforce the Data Privacy Act of 2012 to secure the personal data and information of our citizens while supporting government response and innovations on combating COVID-19. Additionally, the Department of Justice will allocate PhP23 million for the Anti-Cybercrime Enforcement Program.

### **Strengthening coordination and cooperation between and among the national government, regional interagency bodies, LGUs, private sector, and civil society**

Tapping ICT not only helps us to transact better with our citizens, but also enables us to coordinate COVID-related information with major stakeholders – vital information that



can save lives, impede the spread of the contagion, and guide the government's decision-making processes. Thus, PhP22 million will be used to develop online information systems for health emergencies and nutrition enhancement.

To achieve greater coordination and interoperability among the different agencies in the Justice Sector even during the pandemic, PhP77 million will be allocated to the Justice Sector Convergence Program led by the Supreme Court. The amount is set to fund subprograms and subprojects under the Program aimed at enhancing the efficiency, operations, and capacity of the Sector.

Similarly, PhP5 million will go to the development and implementation of the National Justice Information System to establish a real-time, common, and integrated information system in the criminal justice sector. The system will allow for seamless and secure data sharing among criminal justice agencies to facilitate a more effective administration of justice.

### **Institutionalizing a National Pandemic and Response Network for Pandemics and All Hazards**

Given our country's geographical location, we are no stranger to natural calamities such as typhoons, floods, and earthquakes. Time and time again, we have shown our resilience as a nation.

However, the recent pandemic has shown us that while we have been preparing for natural calamities, we have much more to improve on addressing public health emergencies such as the COVID-19.



To complement this effort, some PhP188 million will be allocated for the Support for the Local Governance Program aimed at ensuring the LGUs continuing monitoring and capacity development, integration and alignment of development plans to national priorities, and help the empowerment and participation of the people in governance.

## **7. Safety, Security, and Stability**

### **Rebuilding public trust and confidence in the time of COVID-19**

The journey that we have started four years ago has always been for the betterment of this country. We have faced the challenges we had confronted with our heads held high. And it is because of this confidence and trust of our people that we are driven to endure and ensure that this country will grow into a strong and resilient nation with a sustainable future.

To achieve this, the law must be upheld and the public order maintained. Of the PhP246.1 billion proposed budget for the Department of the Interior and Local Government, PhP46 million will fund the programs of the National Police Commission for crime prevention and coordination.

Additionally, the Department of National Defense will receive a PhP209.1 billion budget to address threats and combat terrorism in the country. This budget also supports the Revised Armed Forces of the Philippines Modernization Program amounting to PhP33.0 billion.

Our battle against illegal drugs is not yet over. The treatment and rehabilitation centers for drug abuse will resume their admissions and activities following the adjusted protocols to



prevent the spread of COVID-19 in their facilities. To guarantee this, a proposed PhP1.3 billion will be allocated for their operations.

Of course, I have not forgotten about our brothers and sisters in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM). For 2021, PhP80.3 billion will be allocated for the use of their regional government. This budget will be composed of the PhP71.7 billion for the Annual Block Grant, PhP5.0 billion for the Special Development Fund for the rebuilding, rehabilitation, and development of conflict-affected communities in the BARMM, and roughly PhP3.6 billion for the share in taxes, fees, and charges collected in the Bangsamoro Autonomous Region.

#### **Curbing environmental risks that may lead to future outbreaks**

The COVID-19 pandemic impacted not only our economy and our people but also our environment. This experience has opened our eyes to the reality that everything has its limit. It has emphasized the importance of being able to protect and conserve our national resources for the future generations to come.

Some PhP181.9 billion of programs and projects under this budget have been tagged as Climate-Change related expenditures, identifying adaptation and mitigation measures for climate change.

Of the PhP26.5 billion budget proposal of the Department of Environment and Natural Resources (DENR), PhP0.8 billion will fund the Forest Protection Program, and PhP5.2 billion will be provided for the National Greening Program. Another PhP0.7



billion. will go to the Protected Areas Development and Management Program to cover the measures to be implemented for the protection and conservation of key biodiversity areas and protected areas.

In our effort to build a brighter and greener future, a PhP2.1 billion budget is also proposed for the Department of Energy, of which some PhP500 million will fund our sustainable Total Electrification Project, while PhP133 million will support the exploration, development, and utilization of renewable energy resources and technologies.

Furthermore, to ensure the water security for Filipinos, the National Water Resources Board under DENR, will receive PhP128 million. This is for the development of groundwater management plan and the establishment of groundwater monitoring stations for groundwater critical areas.

#### **E. CONCLUSION: THE GREAT RESET**

Honorable Members, Ladies and Gentlemen of the 18<sup>th</sup> Congress: There is no easy way to say this. Filipinos – our people – have suffered, and continue to suffer. We have lost loved ones; the health and wellness of our families remain under continued threat; our resources are strained. What a different, difficult world we find ourselves in today!

A year ago I came before you, confident and certain that nothing could stand in the way of our approach to peace and progress for our country, for a comfortable life for every Filipino.

Today, I come with the same objective – to seek your support and approval for our Proposed National Budget for Fiscal Year 2021, our way forward. Despite the turbulence of a world health crisis, I stand



steady, with the same confidence and certainty – but now of one who believes that beyond these bleak times are brighter days.

Indeed, we have gone through a lot these past months. But let me say this. We will prevail. Our people, gifted with faith, resiliency, and creativity, will overcome this crisis. We will heal, and we will recover, and we will win.

And that is why, more than ever before, we will need a strong foundation and support for our program of resurgence, through this Proposed National Budget. And the way we will manage and utilize this Budget – our financial program for the forthcoming year – will be the first milestone in a new chapter of our journey.

Indeed we have gone through a lot together. Through this, we had seen the sacrifice and heroism of our frontliners. These are the men and women who put the welfare of their fellow Filipinos above their own. I know I speak for all of us when I say we owe our lives and our future to them – our doctors, nurses, health care workers, and all the other service workers who made sure that life went on, and could be endured, while we were in community quarantine or lockdown. *Mahirap tumbasan ang inalay nila para sa bayan.* We are forever grateful.

And our best response to them – you and I who lead and serve – is to pay forward, with even greater devotion and dedication to the mandate we have been given to fulfill.

We can make this happen. We will reset our focus and keep our goals in sight. We will rebound from the fall. And we will recover – and be better.

Honorable men and women of the House of Representatives and the Senate, our people look to you to get us back on track.



With your review and speedy approval of our proposed National Budget of PhP4.506 trillion for Fiscal Year 2021, we will get back on our journey, on the road again – moving forward, getting our “normal” back, reclaiming our future.

*Maraming salamat po.*



**RODRIGO ROA DUTERTE**



