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**THE PROPOSED FY 2024 NATIONAL  
EXPENDITURE PROGRAM: ITS COMPOSITION,  
DISTRIBUTION, AND FINANCING**

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A Technical Report on the FY 2024 National Budget

**LEGISLATIVE BUDGET RESEARCH AND MONITORING OFFICE**  
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## I. Macroeconomic Assumptions

The 2024 budget of the national government was based on the macroeconomic assumptions generated by the Development Budget Coordination Committee (DBCC). These assumptions allow policymakers to craft a budget that considers prospective changes in domestic and international conditions that affect the well-being of the economy. The underlying key assumptions used in the formulation of the 2024 national budget are summarized in Table 1 below:

**Table 1. Macroeconomic Assumptions**

Particulars	2022 Adjusted (2023 BESF)	2022 Actual (2024 BESF)	2023 Projections (2023 BESF)	2023 Adjusted (2024 BESF)	2024 Projections (2024 BESF)
Nominal Gross National Income (GNI) (in PhP Million)					
low	22,823,924	23,322,842	25,176,094	26,230,431	28,466,675
high	23,025,531		25,730,345	26,460,769	29,093,870
Real GNI Growth (%)	9.2-10.2	9.9	7.4-8.8	7.5-8.4	6.4-7.8
Nominal Gross Domestic Product (GDP) (in PhP Million)					
low	21,471,196	22,024,515	23,478,820	24,415,835	26,518,393
high	21,672,804		24,033,071	24,646,173	27,145,588
Real GDP Growth (%)	6.5-7.5	7.6	6.5-8.0	6.0-7.0	6.5-8.0
Inflation Rate (%)					
CPI (2018=100)		5.8			
target	2.0-4.0		2.0-4.0	2.0-4.0	2.0-4.0
forecast	4.5-5.5		2.5-4.5	5.0-6.0	2.0-4.0
Population (in Millions)	111.6	111.6	112.9	112.9	114.2
Unemployment Rate (%)	5.1-6.5	5.4	5.7-6.8	5.3-6.4	4.4-4.7
364-Day Treasury Bill Rate (%)	2.5-4.0	2.5	3.0-4.5	5.5-6.5	4.0-5.5
Foreign Exchange Rate (PhP/US\$)	51-53	54.48	51-55	54-57	53-57
London Interbank Offered Rate (LIBOR) 6-months (%)	1.5-2.5		3.0-4.0		
Secured Overnight Financing Rate (SOFR) 6-months (%)		2.5		4.0-5.0	3.5-4.5
Dubai Crude Oil Price (US\$/barrel)	90-110	97.05	80-100	70-90	70-90
Exports of Goods					
Level (in US\$ Billion)	58.0	57.4	61.4	58.0	61.5
Growth Rate (%)	7.0	5.9	6.0	1.0	6.0
Imports of Goods					
Level (in US\$ Billion)	127.4	126.8	135.0	129.4	139.7
Growth Rate (%)	18.0	18.5	6.0	2.0	8.0
Current Account Balance					
Level (in US\$ Billion)	-19.1	-17.8	-20.5	-15.1	-15.4
Percent of GDP	-4.6	-4.4	-4.4	-3.4	-3.2
Gross International Reserves (Year-End)					
Level (in US\$ Billion)	105.0	96.1	106.0	100.0	102.0
Equivalent Months of Imports of Goods, Services and Income	8.0	7.2	7.6	7.2	6.8

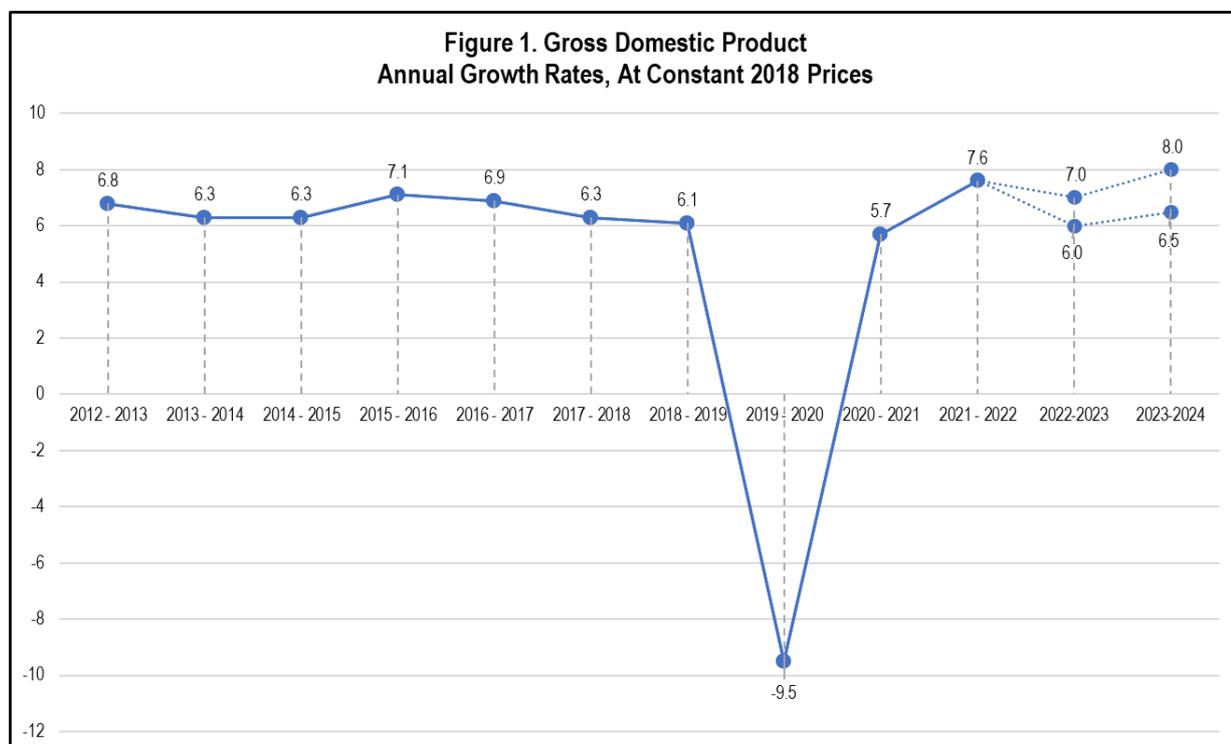
Sources: FYs 2023 and 2024 Budget of Expenditures and Sources of Financing

## A. Economic Growth Rates

The DBCC estimates that the country’s nominal Gross Domestic Product (GDP) will grow between 10.9% and 11.9% in 2023, and between 8.6% and 10.1% in 2024. Meanwhile, using real GDP, the economy is expected to expand by 6.0% to 7.0% in 2023 and by 6.5% to 8.0% in 2024. Unlike nominal GDP which uses current prices to estimate GDP, real GDP uses prices prevailing in a base year (in this case 2018) to control for the effects of inflation.

Nominal Gross National Income (GNI), which is equal to nominal GDP plus all income earned abroad by its residents, is projected to increase between 8.5% and 10.0% in 2024. However, this growth projection is lower than the adjusted forecast for 2023, which was between 12.5% and 13.5%.

- According to World Bank data, the country's GNI per capita (Atlas method, current US\$) in 2022 was \$3,950, an increase from 2021's value of \$3,550. The Medium Term Fiscal Framework (MTFF) aims for a per capita GNI of \$4,256 to achieve upper middle-income status.

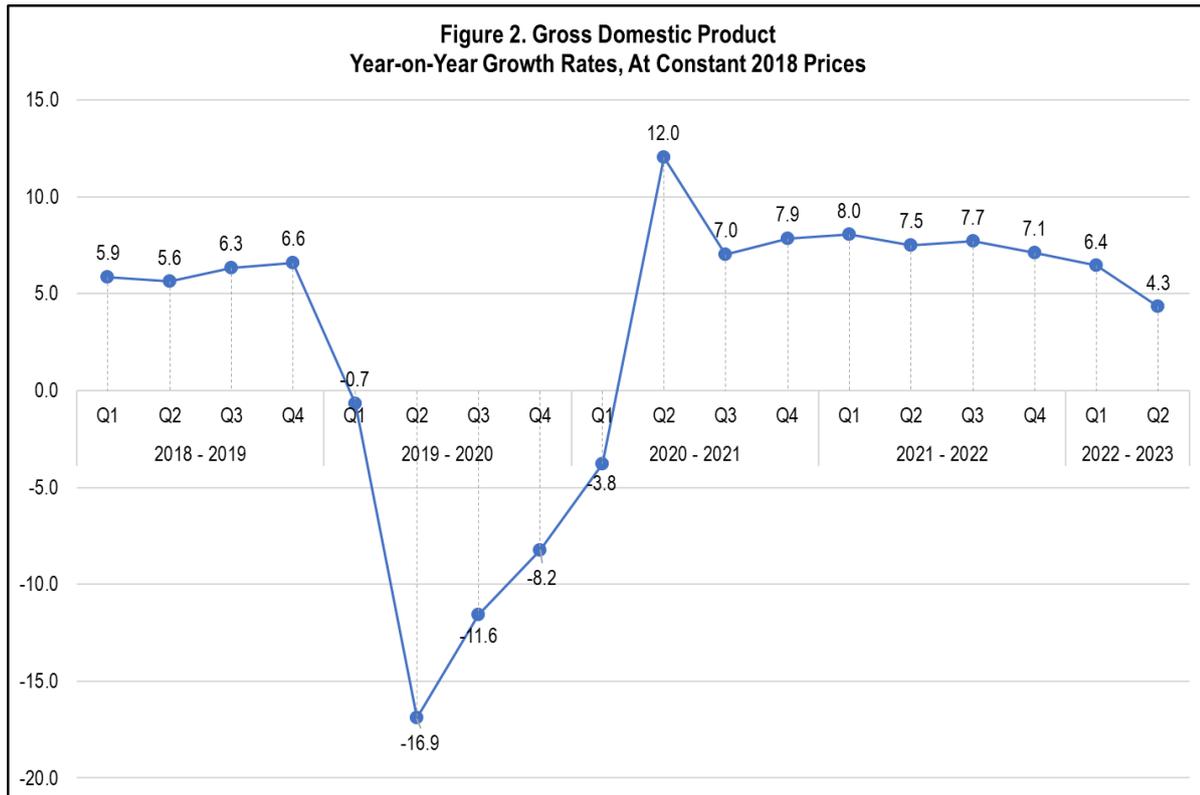


Source: Philippine Statistics Authority

By dividing GDP with population, we can estimate a country’s GDP per capita, which is a rough measure of the well-being of a country’s citizens. If DBCC assumptions hold, real GDP per capita is expected to grow between 4.8% to 5.8% in 2023 and 5.3% to 6.8% in 2024.

- Per World Bank data, the country’s nominal GDP per capita in 2022 was estimated at US\$3,498.5.

# 1. Q2 2023 Economic Performance



Source: Philippine Statistics Authority

In Q2 2023, the country’s GDP grew by 4.3%. The main contributors to the growth were: Wholesale and retail trade; repair of motor vehicles and motorcycles, 5.3%; Financial and insurance activities, 5.0%; and Transportation and storage, 17.3%.

GDP is a measure of an economy’s output. The production approach estimates GDP by aggregating the Gross Value Added (GVA) of all economic sectors: Agriculture, Fisheries and Forestry (AFF), Industry, and Services. GVA measures a sector’s productivity. Meanwhile, the expenditure approach measures consumption, investment, government spending, and net exports (exports minus imports). Using either approach should provide identical GDP figures. The following paragraphs will analyze the country’s economic performance during the period using both approaches.

## a. Production Side

From the production side, the key sectors of the economy, AFF, Industry, and Services, posted growth rates of 0.2%, 2.1% and 6.0%, respectively. In terms of their share of the country’s GDP, AFF accounted for 8.0%, Industry for 29.9%, and Services for 62.1% during the period.

### a.1. Agriculture, Fisheries and Forestry

The top five contributors to AFF in Q2 2023 were palay, support activities, livestock, fishing and aquaculture, and poultry and egg production. These items accounted for some 63.5% of the sector’s GVA.

In terms of growth rates, the best performing items were mango (11.3%), cacao (4.0%), pineapple (3.6%), coffee (2.5%), palay (2.3%) and coconut including copra (2.3%). Meanwhile, the worst-performing items were forestry and logging (-16.8%), fishing and aquaculture (-13.7%), rubber (-8.5%), sugarcane including muscovado sugar-making in the farm (-6.0%), and abaca (-1.0).

**Table 2. Q2 2023 Gross Value Added in Agriculture, Forestry and Fishing**

At Constant 2018 Prices

Particulars	Gross Value Added (In Million Pesos)	% Share	Q2 Year-on-Year Growth Rates
Palay	83,325	20.0	2.3
Corn	19,756	4.7	-0.8
Coconut including copra	13,845	3.3	2.3
Sugarcane including muscovado sugar-making in the farm	5,404	1.3	-6.0
Banana	34,372	8.2	0.7
Mango	20,158	4.8	11.3
Pineapple	6,652	1.6	3.6
Coffee	543	0.1	2.5
Cassava	5,527	1.3	1.5
Rubber	3,003	0.7	-8.5
Cacao	516	0.1	4.0
Abaca	451	0.1	-1.0
Tobacco	368	0.1	1.7
Other agricultural crops, n.e.c.	23,906	5.7	0.5
Livestock	45,419	10.9	1.6
Poultry and egg production	41,072	9.8	1.2
Other animal production	17,090	4.1	1.3
Forestry and logging	578	0.1	-16.8
Fishing and aquaculture	42,100	10.1	-13.7
Support activities to agriculture, forestry and fishing	53,385	12.8	3.6
Gross Value Added in Agriculture, Forestry, and Fishing	417,469	100.0	0.2

Source: Philippine Statistics Authority

## a.2. Industry

Manufacturing and construction had the biggest share of this sector with 58.8% and 27.4%, respectively. Manufacturing grew by 1.2% during the quarter, while construction expanded by 3.5%. Electricity, steam, water and waste management also increased by 4.8%, while mining and quarrying declined by 3.5%.

## a.3. Services

The top components of the sector during the quarter were (i) wholesale and retail trade; repair of motor vehicles and motorcycles with a 28.0% share; (ii) financial and insurance activities with a 16.4% share; and (iii) professional and business services with a 10.7% share. These items grew by 5.3%, 5.0%, and 6.8%, respectively. In terms of growth rates, the top performers were accommodation and food services with 28.3%, other services (which is mostly arts, entertainment, and recreation) with 22.2%, and transportation and storage with 17.3%.

## b. Expenditure Side

From the expenditure side, household final consumption expenditure (68.8% share) and investment or gross capital formation (25.8% share) accounted for 94.6% of the economy in Q2 2023. Household final consumption expenditure experienced the fastest growth at 5.5% in Q2 2023, while government final consumption expenditure saw the greatest contraction at -7.1% in the same period.

**Table 3. Q2 2023 Gross National Income and Gross Domestic Product by Expenditure**  
At Constant 2018 Prices

Particulars	Amount (In Million Pesos)	% Share	Q2 Year-on-Year Growth Rates
Household final consumption expenditure	3,583,956	68.8	5.5
Government final consumption expenditure	838,500	16.1	-7.1
Gross capital formation	1,345,905	25.8	0.0
Exports of goods and services	1,416,845	27.2	4.1
Less : Imports of goods and services	2,026,420	38.9	0.4
Statistical discrepancy	48,301		
Gross Domestic Product	5,207,087	100.0	4.3
GDP Share to GNI		91.3	
Net primary income from the rest of the world	495,415	8.7	90.6
Gross National Income	5,702,502	100.0	8.6

Source: Philippine Statistics Authority

The Gross National Income (GNI) grew by 8.6% in the Q2 2023. Likewise, Net Primary Income (NPI) from the Rest of the World grew by 90.6% during the period.

### b.1. Other indicators of well-being

Additional indicators for estimating well-being include the human development index and the Gini index.

#### a. Human development index (HDI)

First introduced in 1990, the HDI seeks to focus on “the richness of human life”, specifically on people and their capabilities, rather than on the “richness of the economy” as measured in traditional economic indicators. It seeks to serve as a proxy for well-being by integrating key health, education, and standard of living indicators into a single index.

In 2021, the Philippines’ HDI stood at 0.699, lower by 0.011 from 2020. Globally, it was ranked 116 out of the 191 countries included in the index. In ASEAN-6, it had the lowest HDI, lowest rank, and suffered the largest decline in well-being compared to the previous year. Moreover, looking at the trend since 1990, it was the only country in the group to observe a worsening gap with the global average.

**Table 4. ASEAN-6 Human Development Index**

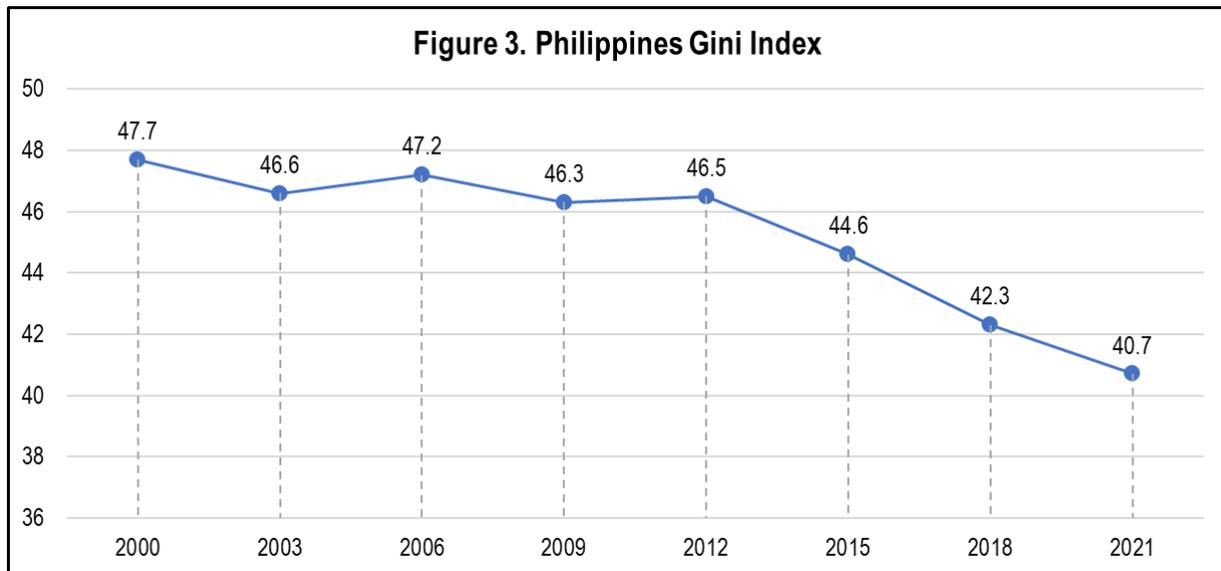
Country	2021 HDI	HDI Change from 2020	World Rank
Indonesia	0.705	-0.004	114
Malaysia	0.803	-0.003	62
Philippines	0.699	-0.011	116
Singapore	0.939	0.000	12
Thailand	0.800	-0.002	66
Vietnam	0.703	-0.007	115
World	0.732	-0.003	

Source: United Nations Development Programme

### b. Gini Index

Gini index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality.

Based on available data, the Philippines had a Gini index of 40.7 in 2021, an improvement from the 42.3 recorded in 2018. Large improvements in the Philippine Gini index were observed beginning in 2015, when it fell to 44.6 from 46.5 in 2012.



Source: World Bank

### B. Poverty

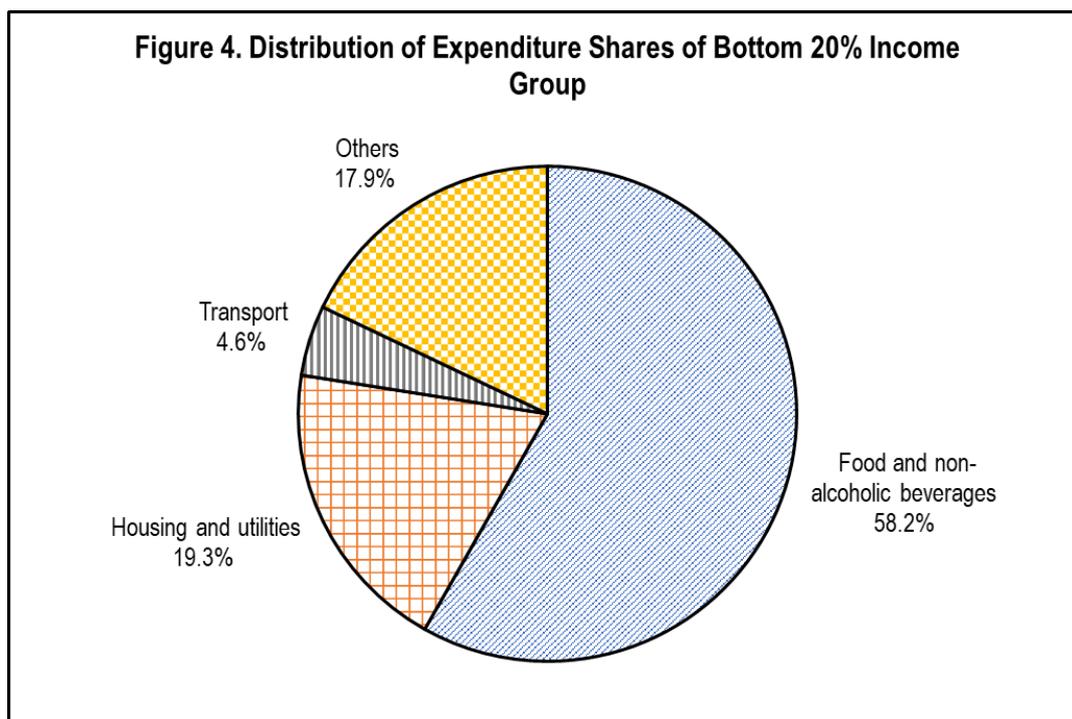
Based on the preliminary results of the Family Income and Expenditure Survey, poverty incidence among population stood at 18.1% in 2021, an increase of 1.4 percentage points from the previous survey period in 2018. Subsistence incidence also increased during

the period by 0.70 percentage points to 5.9%. The 2018-2021 period essentially saw a reversal of some of the gains made during the 2015-2018 period.<sup>1</sup>

In the 2018-2021 period, the provinces that saw the biggest increase in poverty incidence among population were Region VII (Central Visayas) with a 9.88 percentage point increase, MIMAROPA with a 5.71 percentage point increase, and Region I (Ilocos Region) with a 4.5 percentage point increase. Meanwhile, the regions that saw the biggest improvement were ARMM/BARMM with a 24.59 percentage point decrease, followed by Region IX (Zamboanga Peninsula) with a 2.64 percentage point decrease, and Region XI (Davao Region) with a 2.31 percentage point decrease.

However, in terms of poverty levels, the regions with the highest poverty incidence among population in 2021 were ARMM/BARMM at 37.2%, followed by Region XIII (Caraga) at 33.2%, and Region IX (Zamboanga Peninsula) at 30.1%.

The top expenditure items for the bottom 20% income group consisted of food and non-alcoholic beverages with a 58.2% share, followed by housing and utilities at 19.3%, transport at 4.6%, and others (such as insurance and miscellaneous, communication, and recreation) at 17.9%. For the upper 20% income group, the top expenditure items were others (such as insurance and miscellaneous, health, and durable furniture and equipment) with a 34.2% share, followed by food and non-alcoholic beverages with a 31.9% share, and housing and utilities with a 27.5% share.



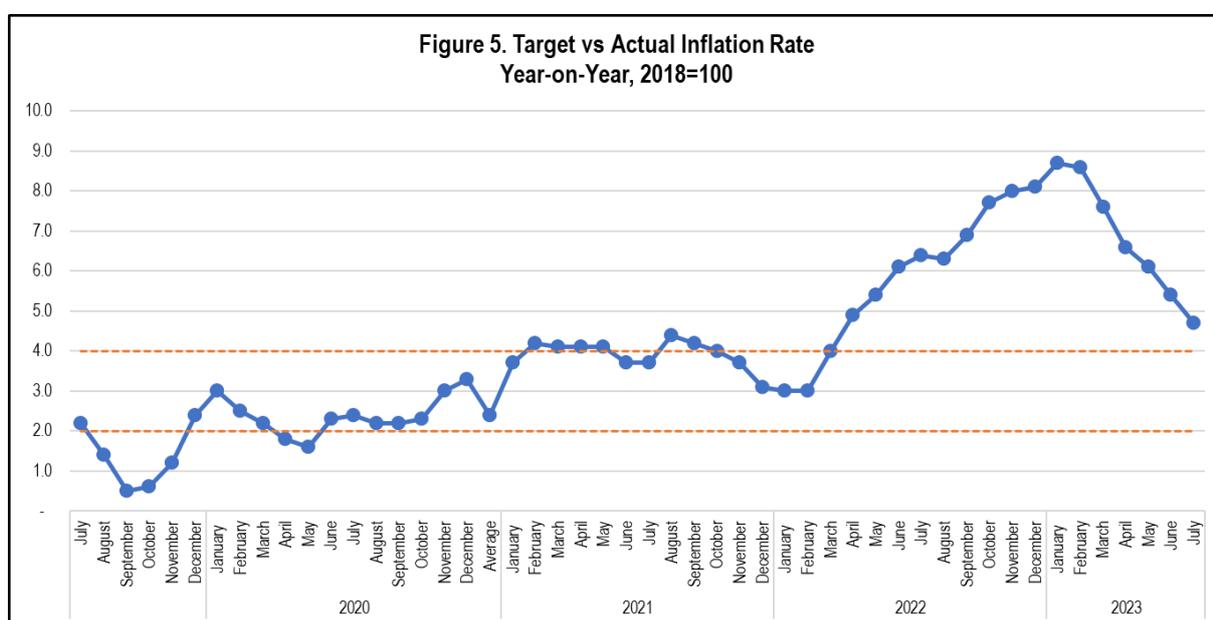
Source: FIES 2021

<sup>1</sup> The 2021 Family Income and Expenditure Survey (FIES) revealed that 13.2% of Filipino families had incomes not sufficient to meet their minimum basic food and non-food needs, indicating a poverty incidence of 18.1%. The same report showed that 3.9% of families had incomes not sufficient to meet basic food needs. Six in 100 Filipinos lived below the food thresholds in 2021. The average family income needed to meet the minimum basic food and non-food needs of a family with five members in 2021 was estimated at ₱12,030 per month.

## C. Inflation Rate

The inflation rate is forecasted to be between 5.0% and 6.0% in 2023, and between 2.0% and 4.0% in 2024. The projected inflation rate for 2023 exceeds the target range of 2.0% to 4.0% set by the Bangko Sentral ng Pilipinas (BSP), while the forecast for 2024 is in line with the BSP's target range of 2.0% to 4.0%.

In July 2023, the Philippines' headline inflation slowed to 4.7%, the sixth consecutive month of deceleration since February 2023. This was due to slower year-on-year increases in housing, water, electricity, gas, and other fuels, as well as a slower annual increment in food and non-alcoholic beverages. Transport also fell to 4.7%. The top three commodity groups contributing to the July 2023 headline inflation were food and non-alcoholic beverages; housing, water, electricity, gas, and other fuels; and restaurants and accommodation services. Education services experienced a faster year-on-year increase of 3.7%.



Source: Philippine Statistics Authority and FYs 2019-2024 BESF

- To achieve the DBCC inflation forecast of 5.0% to 6.0%, it is necessary that the headline inflation from August to December 2023 range from 2.5% to 4.9%. However, the current situation in the country poses a challenge to this goal. The occurrence of El Niño and the recent typhoons, combined with the increasing petrol prices in the world market, make it difficult to attain the desired inflation target.

The core inflation rate, which excludes some food and energy items that have volatile prices, also dropped to 6.7% in July 2023 from 7.4% in June 2023.

Food inflation at the national level continued to decline for the sixth consecutive month at 6.3% in July 2023. The main drivers of the downward trend were the decrease in meat and slaughtered land animals, fish and seafood, and slower year-on-year growth of sugar, confectionery, and desserts. Lower inflation rates were observed in flour, bread, milk, dairy products, eggs, oils and fats, fruits and nuts, and ready-made food. Rice, corn, and vegetables, tubers, plantains, cooking bananas, and pulses experienced higher year-on-year growth rates. Food inflation contributed 45.8% or 2.2 percentage points to overall inflation in July 2023.

## **D. 364-day T-Bill Rate and 6-Month SOFR**

One of the ways in which the national government raises funds to finance its expenditures is by issuing Treasury bills or T-bills, which are basically IOUs of the government to those who purchase them. Their interest rates largely depend on supply and demand, inflation rates, perceived capacity of the government to meet its obligations, and the overall economic conditions at the time of their auction.

DBCC estimates that rates of 364-day T-bills will likely fall within the range of 5.5% to 6.5% in the year 2023, and 4.0% to 5.5% in 2024. The most recent auction, which occurred on 7 August 2023, resulted in an average rate of 6.3%.

Meanwhile, the Secured Overnight Financing Rate (SOFR) is expected to range between 4.0% to 5.0% in 2023, and 3.5% to 4.5% in 2024 (for the six-month SOFR). SOFR is the average interest rate for overnight secured loans in US Dollars, serving as a benchmark and alternative to the US Dollar LIBOR rate. As of 10 August 2023, the six-month SOFR was recorded at 5.0%, which is higher than the DBCC assumption. On the same date, the six-month LIBOR was recorded at 5.8%, which is also higher than the DBCC assumption.

## **E. Exchange Rate, Dubai Crude Oil Price, and Gross International Reserves**

The Philippine peso-US dollar exchange rate will range between ₱54.00 and ₱57.00 in 2023, and between ₱53.00 and ₱57.00 in 2024. As per the BSP's Reference Exchange Rate Bulletin dated August 11, 2023, the exchange rate was at ₱56.310. The peso weakened due to global crude oil prices reaching new highs in the past three and a half months, causing inflation, higher import bills, and a wider trade deficit. The peso also weakened against the US dollar due to profit-taking in local and global stock markets, causing a shift towards the US currency.

It is estimated that the price of Dubai crude oil will fluctuate between US\$70 and US\$90 per barrel in 2023 and 2024. As of 9 August 2023, the value of Dubai crude oil (Platts) is US\$88.18 per barrel.

It is estimated that the Gross International Reserves (GIR) at the end of 2023 will be US\$100.0 billion and US\$102.0 billion in 2024. This is equivalent to 7.2 and 6.8 months' worth of imports, respectively. As of the end of July 2023, GIR was valued at US\$99.702 billion, which is equivalent to 7.4 months' worth of imports. Compared to the previous year, the July GIR figure decreased by 0.1%.

## **F. Imports and Exports of Goods, and Current Account Balance**

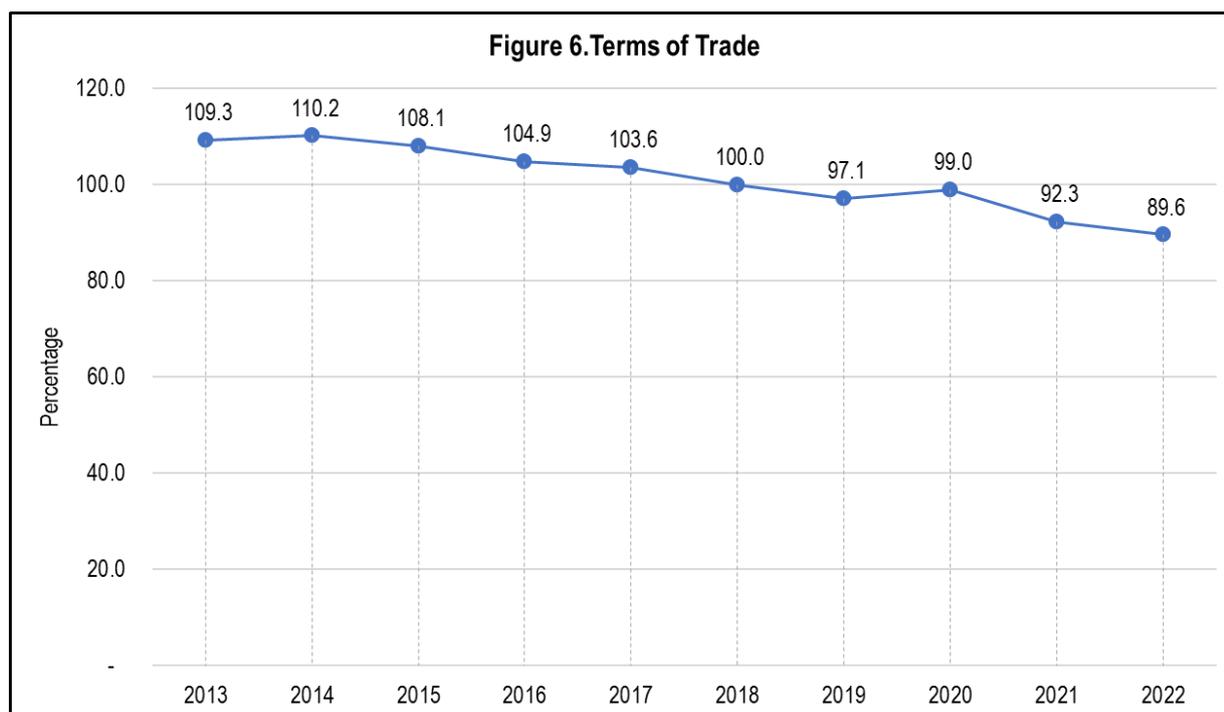
Based on DBCC assumptions, imports will continue to outpace exports, resulting in a trade deficit of US\$71.4 billion in 2023 and US\$78.2 billion in 2024. The country's current account balance, which takes into account transactions with the rest of the world, including net exports, cross-border payments, and remittances, but excludes financial transactions, is expected to reach a negative balance of US\$15.1 billion in 2023 and US\$15.4 billion in 2024.

Based on preliminary national income accounts data from PSA<sup>2</sup>, in 2022, the country's exports of goods and services were estimated at US\$114.572 billion, of which 57.1 %

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<sup>2</sup> As of 10 August 2023; figures may differ from other sources due to updating of data by PSA and rounding errors.

(US\$65.511 billion) were exports of goods, while the remaining 42.9% (US\$49.241 billion) were exports of services. This was a 13.1 % increase from the previous year. In constant 2018 prices, however, exports only increased by 0.3 %. Meanwhile, imports of goods and services stood at US\$178.006 billion, of which 84.5% (US\$150.334 billion) were imports of goods, while the remaining 15.5% (US\$27.671 billion) were imports of services. This was a 16.5% increase from the previous year. In constant 2018 prices, imports increased by 3.0%. As in previous years, net exports in 2022 remained in the red, with a deficit of US\$63.254 billion, a 34.0% increase in deficit from 2021. In constant 2018 prices, the trade deficit increased by 10.8%. Terms of trade, or the ratio between the index of export prices and the index of import prices, worsened to 89.6 % in 2022 (2018=100), reflecting the soaring prices of imports.



Source: Philippine Statistics Authority

Per World Bank data, the ballooning trade deficit and worsening terms of trade resulted in a current account deficit of US\$17.832 billion in 2022, an all-time high.

Based on the latest monthly data, in June 2023, the Philippines imported a total of US\$10.62 billion compared to US\$12.52 billion in the previous year, representing a decrease of 15.2%. The year-to-date annual total import value also decreased to US\$62.90 billion or 8.0% from the previous year.

**Table 5. Summary of External Trade Performance in the Philippines**

Indicator	June 2022		May 2023 <sup>r</sup>		June 2023 <sup>p</sup>	
	FOB Value (In Million US\$)	Year-on-Year Growth (%)	FOB Value (In Million US\$)	Year-on-Year Growth (%)	FOB Value (In Million US\$)	Year-on-Year Growth (%)
Total Trade	19,165.88	16.3	17,392.86	(4.4)	17,317.52	(9.6)
Balance of Trade	(5,877.49)	76.6	(4,445.06)	(20.1)	(3,918.24)	(33.3)
Exports	6,644.20	1.0	6,473.90	2.4	6,699.64	0.8
Imports	12,521.68	26.4	10,918.96	(8.1)	10,617.88	(15.2)

Source: Philippine Statistics Authority

Notes: <sup>r</sup> revised

<sup>p</sup> preliminary

By commodity group, electronic products were the country's top exports in June 2023 with a 58.8 % share. This was followed by other manufactured goods with 5.2 %, and other mineral products with 4.5%.

**Table 6. Top 10 Commodity Groups with the Highest Annual Increase in Value of Exports: June 2023<sup>P</sup>**

Commodity Groups	FOB Value (In Million US\$)			Rank in terms of June 2023 FOB Value
	June 2022	June 2023 <sup>P</sup>	Difference	
1- Electronic Products	3,516.394	3,937.868	421.474	1
2- Other Manufactured Goods	340.879	350.269	9.390	2
3- Other Mineral Products	487.330	300.812	(186.518)	3
4- Machinery and Transport Equipment	207.282	230.503	23.221	4
5- Ignition Wiring Set and Other Wiring Sets Used in Vehicles, Aircrafts and Ships <sup>1/</sup>	192.212	220.197	27.985	5
6- Cathodes and Sections Of Cathodes, Of Refined Copper	129.616	179.546	49.931	6
7- Chemicals	187.152	107.087	(80.066)	7
8- Bananas (Fresh)	90.840	100.700	9.860	8
9- Metal Components <sup>2/</sup>	98.052	96.808	(1.244)	9
10- Copper Concentrates	53.557	93.639	40.082	10

Source: Philippine Statistics Authority

Notes: <sup>1/</sup> - consists only of electrical wiring harness for motor vehicles

<sup>2/</sup> - excludes brakes and servo-brakes

<sup>P</sup> preliminary

By major type of goods, manufactured goods accounted for the largest portion of total exports with an 81.9% share. Mineral products and total agro-based products contributed the remaining 9.9 % and 5.8 %.

In June 2023, the United States of America was the top export destination with a 16.7% share of total exports.

By commodity group, the largest share of the country's total imports in June 2023 was from electronic products with a 19.9 % share, mineral fuels, lubricants and related materials with a 14.4 % share, and transport equipment with a 11.6% share.

By major type of goods, the largest share of the country's total imports in June 2023 was from raw materials and intermediate goods with a 36.9% share, followed by capital goods with a 29.0 % share, and consumer goods with a 19.3 % share.

In June 2023, China was the top source of imports with a 22.4% share.

## G. Unemployment Rate

DBCC estimates an unemployment rate ranging from 5.3% to 6.4% in 2023, and 4.4% to 4.7% in 2024.

The June 2023 Labor Force Survey showed an estimated employment rate of 95.5%, which is higher than the 94.0% reported for the same month in 2022, but slightly lower than the 95.7% estimated for May 2023. In June 2023, 48.84 million people were employed, compared to 46.59 million and 48.26 million employed people in June 2022 and May 2023, respectively.

Year-on-year, the number of unemployed decreased by 663 thousand between June 2022 and June 2023, falling from 2.99 million to 2.33 million. Nevertheless, on a monthly basis, the number of unemployed increased by 159 thousand in June 2023 compared to May 2023. In terms of rates, the June 2023 unemployment rate of 4.5% was lower than the June 2022 estimate of 6.0%, but higher than the recorded unemployment rate of 4.3% in May 2023.

The estimated Labor Force Participation Rate (LFPR) in June 2023 was 66.1%, which was higher than the LPFR in June 2022 (64.8%) and May 2023 (65.3%). The average number of hours worked by employed individuals in June 2023 increased to 40.0 hours per week, a minor decrease from June 2022 (40.3 hours per week) but an increase from May 2023 (39.3 hours per week).

In June 2023, the underemployment rate was 12.0%, or 5.87 million employed Filipinos who desired additional work hours in their current position, or a new position with longer work hours. In June 2022, it stood at 12.6%, and in May 2023, 11.7%.

With a 58.2% share of the labor force, the services sector continued to have the greatest number of employees. Agriculture and industry accounted for 23.8% and 18.0%, respectively.

The top five subsectors with annual employment growth in June 2023 were:

- Accommodation and food service activities (612 thousand);
- Agriculture and forestry (457 thousand);
- Wholesale and retail trade, repair of motor vehicles and motorcycles (358 thousand);
- Other service activities (268 thousand); and
- Public administration and defense, compulsory social security (219 thousand).

In contrast, the top five subsectors with the greatest annual decline in the number of employed individuals were:

- Fishing and aquaculture (-233 thousand);
- Manufacturing (-99 thousand);
- Professional, scientific, and technical activities (-65 thousand);
- Mining and quarrying (-62 thousand); and
- Information and communication (-45 thousand).

In June 2023, wage and salary workers continued to make up the largest proportion of employed individuals with 61.5%, followed by self-employed individuals without any paid employees at 27.1%, and unpaid family workers at 9.5%. Employers in their own family-owned farm or business accounted for the smallest share of 1.9%.

Among wage and salary workers, private establishment employees remained the largest group with 47.6%, followed by government or government-controlled corporations with 9.4% and private households with 4.2%.

The youth employment rate was estimated to be 90.1%, or 6.45 million employed youth out of 7.16 million youth in the labor force, which is higher than the estimates of 88.2% in June 2022 and 89.4% in May 2023. The youth unemployment rate was 9.9%, or 711 thousand out of 7.16 million youth in the labor force. In June 2023, employed adolescents

worked an average of 33.6 hours per week, which was lower than the estimated 36.0 hours per week in June 2022 but higher than the May 2023 average of 33.3 hours per week.

## H. Comparative Macroeconomic Performance

With a GDP of US\$1.319 trillion in 2022, Indonesia had the largest economy in Asean-6, followed by Thailand with a GDP of US\$495.341 billion, and Singapore with a GDP of US\$466.789 billion. Singapore had the highest GDP per capita at \$82,807.65, followed by Malaysia at \$11,971.93 and Thailand at \$6,908.80. The Philippines had the group's lowest per capita GDP at \$3,498.51. It was recently surpassed by Vietnam, which had a GDP per capita of \$4,163.51 in 2022.

**Table 7. ASEAN 6 Macroeconomic Performance**

Country	GDP (2022 Current, US\$ Millions)	GDP per capita (2022 Current, US\$)	Real GDP Growth Rate (Q2 2023, %)	Inflation Rate (July 2023)	Unemployment Rate (June 2023)
Indonesia	1,319,100.22	4,788.00	5.2	3.1	5.5 <sup>3/</sup>
Malaysia	406,305.92	11,971.93	5.6 <sup>1/</sup>	2.4 <sup>2/</sup>	3.4
Philippines	404,284.33	3,498.51	4.3	4.7	4.5
Singapore	466,788.54	82,807.65	0.5	4.5 <sup>2/</sup>	1.9
Thailand	495,340.59	6,908.80	2.7 <sup>1/</sup>	0.4	1.1
Vietnam	408,802.38	4,163.51	4.1	2.1	2.3

Sources: World Bank Data, Trading Economics and Philippine Statistics Authority

Notes: <sup>1/</sup> Q1 2023 Reference

<sup>2/</sup> June 2023 Reference

<sup>3/</sup> March 2023 Reference

The Philippines had the highest inflation rate among the ASEAN-6 nations, at 4.7%, followed by Singapore at 4.5% and Indonesia at 3.1%. On the other hand, Thailand experienced the lowest inflation rate (0.4%), followed by Vietnam (2.1%) and Malaysia (2.4%).

With a 5.5% unemployment rate, Indonesia had the highest unemployment rate in ASEAN-6, while Thailand's unemployment rate of 1.1% was the lowest.

## II. The 2024 National Expenditure Program

The first budget fully prepared by the current administration is set at ₱5.768 trillion and it accounts for 21.7% of the GDP. The 2024 expenditure program is higher by ₱499.600 billion or a year-on-year growth rate of 9.5% as compared to the 2023 level of ₱5.268 trillion.

The government will continue to pursue its agenda for prosperity and for 2024 the budget will focus on “Securing a Future-Proof and Sustainable Economy” to pave the way towards the achievement of targets under the Medium-Term Fiscal Framework (MTFF), the 8-Point Socioeconomic Agenda, and the Philippine Development Plan (PDP) 2023-2028.

The proposed national budget will prioritize the following goals in line with the 8-Point Socioeconomic Agenda in the near term:

1. Food security
2. Reduced transport and logistics costs
3. Lower energy cost

4. Improved health system
5. Addressed learning losses
6. Strengthened social protection
7. Sound fiscal management
8. Enhanced bureaucratic efficiency

## A. Dimensions of the 2024 Budget

### 1. By Source of Appropriations

The proposed national expenditure program (NEP) for 2024 is composed of the ₱4.020 trillion (69.7%) programmed new appropriations and the ₱1.748 trillion (30.3%) automatic appropriations. Table 8 presents an upward trend of the country's expenditure program from 2020 to 2024.

**Table 8. Sources of Appropriations, 2020-2024**

(In Billion Pesos)

Particulars	2020 Actual	2021 Actual	2022 Actual	2023 Adjusted	2024 Proposed	2024 vs 2023	
						Amount	% Change
Appropriations							
New General Appropriations	3,043.181	3,208.857	3,534.562	4,478.254	4,301.676	(176.578)	(3.9)
Automatic Appropriations	1,223.213	1,349.107	1,723.076	1,596.909	1,747.832	150.923	9.5
Continuing Appropriations	246.127	315.330	211.986	198.475		(198.475)	(100.0)
Supplemental Appropriations	58.752						
<b>Total Available Appropriations</b>	<b>4,571.272</b>	<b>4,873.294</b>	<b>5,469.624</b>	<b>6,273.638</b>	<b>6,049.508</b>	(224.130)	(3.6)
Less: Unreleased Appropriations	(62.182)	(88.814)	(82.295)	(841.455)	(281.908)	559.547	66.5
Unobligated Allotment	(200.059)	(183.694)	(212.114)	(164.183)		164.183	100.0
<b>Total Obligations</b>	<b>4,309.031</b>	<b>4,600.787</b>	<b>5,175.215</b>	<b>5,268.000</b>	<b>5,767.600</b>	499.600	9.5
<b>Nominal GDP</b>	<b>17,951.574</b>	<b>19,410.614</b>	<b>22,024.515</b>	<b>24,522.123</b>	<b>26,604.654</b>		
<b>% of GDP (Nominal)</b>	<b>24.0</b>	<b>23.7</b>	<b>23.5</b>	<b>21.5</b>	<b>21.7</b>		

Sources: 2022-2024 NEP

Note: Numbers may not add up due to rounding.

- The ₱4.302 trillion in new general appropriations is the portion of the budget which requires legislative authorization. Of this amount, ₱4.020 trillion (93.4%) represents programmed appropriations while ₱281.908 billion (6.6%) constitutes unprogrammed appropriations (UA), as seen in the next table.
- a. Programmed appropriations** have definite and identified funding sources as of the time the budget is prepared. A total of ₱3.287 trillion out of the programmed appropriations will fund the implementation of the various programs/activities/projects (PAPs) of all national government agencies (NGAs). The remaining ₱733.237 billion is categorized as Special Purpose Funds (SPFs) that covers expenditures for specific purposes, such as the Allocation to Local Government Units (ALGU), Budgetary Support to Government Corporations (BSGC), Contingent Fund, Miscellaneous Personnel Benefits Fund (MPBF), National Disaster Risk Reduction and Management Fund (NDRRMF), Pension and Gratuity Fund (PGF), and Revised AFP Modernization Program (RAFPMP).

**Table 9. New General Appropriations, 2023-2024**

(In Billion Pesos)

Particulars	2023 GAA	2024 NEP	% Share (2024)	Variance	
				Amount	%
<b>Programmed Appropriations</b>	<b>3,671.091</b>	<b>4,019.768</b>	<b>93.5</b>	<b>348.677</b>	<b>9.5</b>
Departments and Agencies	3,157.620	3,286.531	76.4	128.911	4.1
Special Purpose Funds (SPFs)	513.471	733.237	17.1	219.766	42.8
<b>Unprogrammed Appropriations</b>	<b>807.162</b>	<b>281.908</b>	<b>6.6</b>	<b>(525.254)</b>	<b>(65.1)</b>
<b>Total New General Appropriations</b>	<b>4,478.254</b>	<b>4,301.676</b>	<b>100.0</b>	<b>(176.578)</b>	<b>(3.9)</b>

Sources: 2023 GAA and 2024 NEP

**b. Unprogrammed appropriations** are standby appropriations for priority programs or projects of the government. The utilization of UA may be availed if any of the following conditions are met:

1. Non-tax revenue collections for the year exceed the targets;
2. Collection of new revenues not included in the original revenue targets; or
3. Approved loans for foreign-assisted projects are secured.

The ₱281.908 billion UA in 2024 will be utilized as follows:

**Table 10. Unprogrammed Appropriations**

(In Million Pesos)

Particulars	2024 NEP	% Share
Strengthening Assistance for Government Infrastructure and Social Programs	50,033.172	17.7
Budgetary Support to Government-Owned and/or-Controlled Corporations	110,157.162	39.1
Support to Foreign-Assisted Projects	117,725.182	41.8
Risk Management Program	1,000.000	0.4
Refund of the Service Development Fee for the Right to Develop the Nampedai Property in Tokyo, Japan	210.579	0.1
Prior Years' LGU Shares	14.623	< 0.1
Public Health Emergency Benefits and Allowances for Healthcare and Non-Healthcare Workers	2,351.880	0.8
Fiscal Support Arrearages for Comprehensive Automotive Resurgence Strategy (CARS) Program	415.458	0.1
<b>Total Unprogrammed Appropriations</b>	<b>281,908.056</b>	<b>100.0</b>

Source: 2024 NEP

Automatic appropriations is the component of the budget that does not need the annual approval of Congress because it is already authorized or covered by a separate law. For 2024, the automatic appropriations represents 30.3% of the total NEP, and this is broken down as follows:

**Table 11. Breakdown of Automatic Appropriations, 2020-2024**

(In Million Pesos)

Particulars	2020 Actual	2021 Actual	2022 Actual	2023 Adjusted	2024 Proposed	2024 vs. 2023	
						Amount	% Change
Retirement and Life Insurance Premiums	55,450.038	57,736.448	62,976.571	64,195.815	65,787.605	1,591.790	2.5
Customs duties and taxes, including tax expenditures	33,415.443	37,806.894	40,077.148	14,500.000	14,500.000		
National Tax Allotment (formerly Internal Revenue Allotment)	648,921.246	695,492.749	959,041.250	820,268.928	871,375.199	51,106.271	6.2
Interest Payment on NG Debts	380,412.000	429,432.000	502,858.000	582,320.000	670,471.000	88,151.000	15.1
Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) Block Grant	63,634.076	71,669.833	66,963.635	64,755.501	70,513.225	5,757.724	8.9
Pensions under RA 2087, as amended by PD 1625 & RA 5059 as amended by Section 1 of EO No. 145, s. 1987	0.480	0.480	0.432	0.480	0.480		
Grant Proceeds	1,538.902	617.544	907.194				
Net Lending	22,114.202	17,877.000	27,205.000	28,700.000	28,700.000		
Special Account	17,546.687	33,889.345	47,083.869	22,167.833	26,484.299	4,316.466	19.5
Armed Forces of the Philippines (AFP) Modernization Trust Fund		4,470.837	15,334.175				
Military Camps Sales Proceeds Fund	179.522	114.238	628.428				
<b>Total Automatic Appropriations</b>	<b>1,223,212.596</b>	<b>1,349,107.368</b>	<b>1,723,075.702</b>	<b>1,596,908.557</b>	<b>1,747,831.808</b>	<b>150,923.251</b>	<b>9.5</b>

Sources: 2022-2024 NEP

- The largest share (49.9%) of the automatic appropriations is provided for the National Tax Allotment (NTA) amounting to ₱871.375 billion. This amount refers to the 40% share of the local government units (LGUs) in the national taxes based on the collection of the third fiscal year preceding the current fiscal year.
- Interest payment on national government (NG) debts is computed at ₱670.471 billion which reflects an increase of ₱88.151 billion (15.1%).
- The ₱70.513 billion Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) Block Grant is the 5% share of the Bangsamoro Government in the net national internal revenue tax collections of the Bureau of Internal Revenue (BIR) and net collections of the Bureau of Customs (BOC), pursuant to the BARMM Organic Law.

## 2. By Expense Class

Table 12 presents the distribution of the ₱5.768 trillion 2024 budget by general expense class. Maintenance and Other Operating Expenses (MOOE) of ₱2.156 trillion takes up the biggest slice (37.4%) of the budget pie, followed by Personnel Services (PS) with ₱1.695 trillion (29.4%). At third is Capital Outlays (CO) and Net Lending at ₱1.246 trillion (21.6%), while funding for Financial Expenses (FinEx) gets the least share (11.6%) amounting to ₱670.533 billion.

**Table 12. Summary of Obligation by Expense Class, 2020-2024**

(In Billion Pesos)

Expense Class	2020 Actual	2021 Actual	2022 Actual	2023 Adjusted	2024 Proposed	2024 % Share	2024 vs. 2023	
							Amount	% Change
Personnel Services (PS)	1,218.255	1,309.842	1,397.994	1,477.135	1,694.805	29.4	217.670	14.7
Maintenance and Other Operating Expenses (MOOE)	2,026.570	1,954.388	2,130.718	2,030.345	2,155.835	37.4	125.491	6.2
Capital Outlays (CO) and Net Lending	682.866	906.373	1,143.021	1,177.358	1,246.426	21.6	69.068	5.9
Financial Expenses (FinEx)	381.340	430.183	503.481	583.162	670.533	11.6	87.372	15.0
<b>Total Obligations</b>	<b>4,309.031</b>	<b>4,600.787</b>	<b>5,175.215</b>	<b>5,268.000</b>	<b>5,767.600</b>	<b>100.0</b>	<b>499.600</b>	<b>9.5</b>

Sources: 2022-2024 BESF

Note: Numbers may not add up due to rounding.

a. **Personnel Services** amounting to ₱1.695 trillion will be utilized to pay for the salaries and benefits of government officials and employees, and the pension of retirees. The PS allocation registers a ₱217.670 billion or 14.7% increment as compared to the ₱1.477 trillion allocation in 2023. The increase will mainly cover the funding requirements for staffing modifications and upgrading of salaries and other compensations adjustments, performance-based bonus, and the increase in troop strength of the Armed Forces of the Philippines (AFP) under the Department of National Defense (DND).

- For 2024, out of the 1,979,564 total number of permanent government positions, 1,810,428 are filled while 169,136 are unfilled.

b. **Maintenance and Other Operating Expenses** has a total provision of ₱2.156 trillion, which will basically cover the following government expenses: 1) regular operating requirements of government agencies; 2) implementation of government programs and services; 3) subsidies to GOCCs; and 4) allocations to local government units.

- The amount of ₱1.606 trillion will go to Financial Assistance/Subsidy, which accounts for 74.5% of the total MOOE allocation for 2024. The subsidy or assistance is given by the government to individuals, civil society organizations and government institutions in the implementation of PAPs. This includes automatic appropriations for NTA of ₱871.375 billion and the BARMM Annual Block Grant of ₱70.513 billion.
- The ₱2.156 trillion MOOE in 2024 is ₱125.491 billion (6.2%) higher than the 2023 level of ₱2.030 trillion. The increase is attributed mainly to support the following priority programs of the administration:
  - Universal Access to Quality Tertiary Education (UAQTE) Program;
  - School-Based Feeding Program (SBFP);
  - Textbooks and Other Instructional Materials (TOIM);
  - Social Pension for Indigent Senior Citizens; and
  - Pantawid Pamilyang Pilipino Program (4Ps).

c. **Capital Outlays including Net Lending** of ₱1.246 trillion likewise posted an increase in the amount of ₱69.068 billion (5.9%). The CO allocation will mostly pay for the budgetary requirements of new and ongoing infrastructure projects under the Administration's Build Better More program, in particular, the following major infrastructure projects:

- rail transport and aviation infrastructure projects of the Department of Transportation (DOTr);
- road, bridge and building projects, network development, flood management programs of the Department of Public Works and Highways (DPWH);
- projects under the Revised AFP Modernization Program of the DND;
- Basic Education Facilities (BEF) under the Department of Education (DepEd); and
- Health Facilities Enhancement Program (HFEP) of the Department of Health (DOH).

**Table 13. Breakdown of Capital Outlays, 2020-2024**

(In Million Pesos)

Particulars	2020 Actual	2021 Actual	2022 Actual	2023 Adjusted	2024 Proposed	2024 % Share	2024 vs. 2023	
							Amount	% Change
Investment Outlay	11,752.445	46,157.175	13,028.687	3,239.280	3,894.070	0.3	654.790	20.2
Loans Outlay	29,769.983	23,161.999	31,790.000	33,743.722	33,348.724	2.7	(394.998)	(1.2)
Investment Property Outlay			74.462					
Property, Plant and Equipment Outlay								
Land Outlay	653.929	667.239	1,011.577	619.265	461.758	< 0.1	(157.507)	(25.4)
Land Improvements Outlay	2,371.438	2,835.464	1,811.690	1,531.148	1,695.019	0.1	163.871	10.7
Infrastructure Outlay	470,561.947	611,517.087	891,799.833	928,482.636	943,684.984	75.7	15,202.348	1.6
Buildings and Other Structures	90,319.175	125,454.657	106,340.160	118,603.568	135,679.465	10.9	17,075.897	14.4
Machinery and Equipment Outlay	66,707.379	85,095.513	85,071.220	81,221.377	116,131.679	9.3	34,910.302	43.0
Transportation Equipment Outlay	8,740.902	9,145.206	10,316.437	7,192.091	9,868.917	0.8	2,676.826	37.2
Furniture, Fixtures and Books Outlay	882.473	556.647	373.583	1,562.458	403.867	< 0.1	(1,158.591)	(74.2)
Leased Assets Improvements		274.347	22.788	5.000			(5.000)	(100.0)
Heritage Assets	193.347	283.246	33.192	96.817	13.817	< 0.1	(83.000)	(85.7)
Other Property Plant and Equipment Outlay	198.422	124.869	134.703	185.707	213.413	< 0.1	27.706	14.9
Biological Assets Outlay	433.023	711.653	911.024	563.106	620.918	< 0.1	57.812	10.3
Intangible Assets Outlay	281.435	387.948	302.071	311.935	409.620	< 0.1	97.685	31.3
<b>Total Capital Outlays</b>	<b>682,865.898</b>	<b>906,373.050</b>	<b>1,143,021.427</b>	<b>1,177,358.110</b>	<b>1,246,426.251</b>	<b>100.0</b>	<b>69,068.141</b>	<b>5.9</b>

Sources: 2022-2024 BESF

Note: Numbers may not add up due to rounding.

- As the primary infrastructure arm of the government, the DPWH captures 62.9% or ₱783.657 billion of the ₱1.246 trillion capital outlays for 2024.
- By object of expenditure, ₱943.685 billion, the largest chunk (75.7%) of the ₱1.246 trillion allocation, is earmarked for infrastructure outlays. This amount is ₱15.202 billion or 1.6% higher than the 2023 level of ₱928.483 billion. Infrastructure outlay pertains to the purchase/construction cost or the fair value of roads, bridges, ports, flood control structures and systems, public buildings, communication networks, water supply system, sewer system, power supply system, parks, plazas, monuments, railway systems and other public infrastructures.

**d. Financial Expenses (FinEx)** is pegged at ₱670.533 billion, which constitutes 11.6% of the 2024 proposed budget. FinEx is principally comprised of the ₱670.471 billion interest payment on NG debts and ₱62.312 million financial expenses of the different NGAs. FinEx for 2024 is augmented by ₱87.372 billion (15.0%) largely due to the higher allocation for debt service-interest payments from ₱582.320 billion<sup>3</sup> in 2023 to ₱670.471 billion in 2024 or an increase of ₱88.151 billion (15.1%). FinEx is generally utilized for the supervision/trusteeship fees, interest expenses, guarantee fees, bank charges, commitment fees, and other financial charges incurred by the government for ownership or borrowing of an asset or property.

### 3. Public Sector Infrastructure Budget

For 2024, the government earmarked a total of ₱1.418 trillion as public sector infrastructure budget for the administration's Build Better More Program. This amount is equivalent to 5.3% of the GDP which is within the target range of 5.0% to 6.0% of GDP. As shown in Table 14, out of this amount, ₱817.287 billion (57.7%) will fund the regular programs of government agencies; ₱364.656 billion (25.7%) is devoted to Locally Funded Projects (LFPs); while ₱235.564 billion (16.6%) is earmarked for Foreign-Assisted Projects (FAPs).

<sup>3</sup> Per BESF Table B.17, the debt service-interest payments for 2023 amounts to ₱610.665 billion.

**Table 14. Infrastructure Outlays, 2020-2024**

(In Billion Pesos)

Particulars	2020 Actual	2021 Actual	2022 Actual	2023 Adjusted	2024 Proposed	2024 % Share	2024 vs. 2023	
							Amount	% Change
Programs	361.495	401.716	820.139	952.550	817.287	57.7	(135.262)	(14.2)
Projects								
Locally Funded Projects	385.330	536.493	366.187	326.376	364.656	25.7	38.280	11.7
Foreign-Assisted Projects	70.782	69.215	127.283	51.292	235.564	16.6	184.272	359.3
<b>Total Infrastructure Outlays</b>	<b>817.607</b>	<b>1,007.424</b>	<b>1,313.609</b>	<b>1,330.218</b>	<b>1,417.507</b>	<b>100.0</b>	<b>87.289</b>	<b>6.6</b>

Sources: 2022-2024 BESF

Note: Numbers may not add up due to rounding.

As seen in Table 15, the DPWH and the DOTr, which are the two main implementors of the Build Better More Program, will get the largest shares of the ₱1.418 trillion infrastructure budget, with ₱801.169 billion (56.5%) and ₱176.425 billion (12.4%), respectively.

**Table 15. Breakdown of Infrastructure Outlays, By Department /Special Purpose Funds, 2022-2024**

(In Billion Pesos)

Particulars	2022 Actual	2023 Adjusted	2024 Proposed	% Share	2024 vs. 2023	
					Amount	% Change
Department of Public Works and Highways	832.708	878.392	801.169	56.5	(77.223)	(8.8)
Department of Transportation	115.775	66.416	176.425	12.4	110.009	165.6
National Tax Allotment	191.808	164.054	174.275	12.3	10.221	6.2
Revised AFP Modernization Program		27.500	50.000	3.5	22.500	81.8
Department of Education	7.786	29.346	44.560	3.1	15.214	51.8
Budgetary Support to Government Corporations	41.185	42.993	43.753	3.1	0.760	1.8
Department of Agriculture	9.665	20.223	24.371	1.7	4.147	20.5
Bangsamoro Autonomous Region in Muslim Mindanao	18.393	17.951	19.103	1.3	1.152	6.4
Department of Health	15.864	14.507	15.414	1.1	0.906	6.2
Local Government Support Fund	6.124	13.749	14.449	1.0	0.700	5.1
Rest of Infrastructure Outlays	74.301	55.086	53.990	3.8	(1.097)	(2.0)
<b>Total Infrastructure Outlays</b>	<b>1,313.609</b>	<b>1,330.218</b>	<b>1,417.507</b>	<b>100</b>	<b>87.289</b>	<b>6.6</b>

Source: 2024 BESF

Note: Numbers may not add up due to rounding.

- The ₱801.169 billion public sector infrastructure budget earmarked for the DPWH will be used to construct, upgrade and rehabilitate roads nationwide, and implement various infrastructure programs as seen in the table below.

**Table 16. DPWH Public Infrastructure Budget**  
(In Billion Pesos)

Program	2024 NEP	% Share
Asset Preservation Program	115.588	14.4
Network Development Program	148.112	18.5
Bridge Program	45.839	5.7
Flood Management Program	215.643	26.9
Local Program	25.200	3.1
Convergence and Special Support Program	174.089	21.7
Contractual Obligations/Value-Added Tax (VAT)	3.000	0.4
Pre-Feasibility Study/Feasibility Study/ Preliminary and Detailed Engineering	15.912	2.0
Payment of Right-of-Way	35.126	4.4
Routine maintenance of various Infrastructures	20.102	2.5
Operations of Weighbridge Stations and Anti-Truck Overloading Mobile Enforcement (ATOME)	0.113	< 0.1
Automated Traffic Data Collection Program	0.175	< 0.2
DPWH Floating Equipment	1.184	0.1
Other Infrastructure Projects	1.085	0.1
<b>Total Infrastructure Outlays, DPWH</b>	<b>801.169</b>	<b>100.0</b>

Sources: 2024 NEP and DPWH submission

Note: Numbers may not add up due to rounding.

- With the ₱801.169 billion infrastructure budget, the DPWH shall pursue to achieve the following work output in 2024:

**Table 17. Selected DPWH Performance Indicators**

Particulars	Targets
Maintenance of roads	1,196 kilometers
Rehabilitation/reconstruction/upgrade of roads	799 kilometers
Construction of new roads	722 kilometers
Widening of roads	647 kilometers
New construction and replacement of bridges	
Length	15,209 linear meters
Area	156,157 square meters
Rehabilitation and maintenance of bridges	525 linear meters
Construction of flood mitigation structures and drainage systems	1,500 projects
Construction of flood mitigation facilities with major river basins and principal rivers	965 projects
Construction/Improvement of roads under the Convergence and Special Support Program	493 kilometers
Sustainable Infrastructure Projects Alleviating Gaps (SIPAG)	921 projects

Source: 2024 NEP

- For the DOTr, the ₱176.425 billion public sector infrastructure budget will largely finance its various rail transport and aviation projects.

- The Rail Transport Program of the DOTr focuses on improving the country's current railways systems, as well as constructing new ones. The following are some of the projects under this program:
  - North-South Commuter Railway System— ₱76.345 billion;
  - Metro Manila Subway Project Phase I— ₱68.374 billion;
  - LRT Line I Cavite Extension Project— ₱4.661 billion;
  - Philippine National Railways (PNR) South Long Haul Project— ₱3.080 billion; and the
  - MRT 3 Rehabilitation Project— ₱2.927 billion.
- Airports that would be constructed/rehabilitated under the DOTr's Aviation Infrastructure Program includes the following:
  - Ninoy Aquino International Airport—₱1.636 billion;
  - Kalibo International Airport—₱581.250 million;
  - New Dumaguete Airport Development Project—₱500.000 million;
  - Laoag International Airport—₱500.000 million;
  - Tacloban Airport—₱500.000 million;
  - Busuanga Airport—₱405.000 million;
  - New Zamboanga International Airport—₱300.000 million;
  - New Manila International Airport—₱200.000 million;
  - Bukidnon Airport—₱120.000 million; and,
  - New Bohol Airport Construction and Sustainable Environment Protection Project—₱97.000 million.
- Likewise included in the ₱1.418 trillion public sector infrastructure budget are the following projects:
  - Construction/improvement of public-school buildings including disaster resilient-school buildings—₱40.589 billion;
  - Construction, repair and/or improvement of public hospitals and health centers—₱15.314 billion;
  - National Government Data Center infrastructure—₱1.670 billion;
  - National Government Portal infrastructure—₱302.862 million;
  - The 20% of the NTA of LGUs to fund their development and infrastructure projects—₱174.275 billion; and
  - Infrastructure projects for BARMM portion sourced from the Annual Block Grant and the Special Development Fund (SDF)<sup>4</sup>—₱19.103 billion.

#### 4. By Cost Structure

By cost structure, the 2024 budget is distributed as follows: ₱3.105 trillion for Programs, ₱1.963 trillion for Projects (locally funded and foreign-assisted), ₱670.471 billion for Debt Service-Interest Payments and ₱28.700 billion for Net Lending. The productive portion of the budget, net of debt burden, is ₱5.068 trillion or equivalent to 87.9%.

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<sup>4</sup> The SDF shall be used for the rebuilding, rehabilitation, and development of its conflict-affected communities pursuant to the BARMM Organic Law.

**Table 18. NG Expenditure By Program Category, 2022-2024**

(In Billion Pesos)

Particulars	2022	2023	2024	2024 vs 2023	
	Actual	Adjusted	Proposed	Amount	% Change
<b>Programs</b>	<b>3,135.703</b>	<b>3,181.312</b>	<b>3,104.948</b>	(76.364)	(2.4)
<b>General Overhead</b>	<b>494.119</b>	<b>300.258</b>	<b>374.803</b>	74.544	24.8
General Administration and Support	432.296	237.987	246.999	9.012	3.8
Support to Operations	61.822	62.272	127.804	65.532	105.2
<b>Operations</b>	<b>2,641.585</b>	<b>2,881.053</b>	<b>2,730.146</b>	(150.908)	(5.2)
<b>Projects</b>	<b>1,509.448</b>	<b>1,475.668</b>	<b>1,963.481</b>	487.813	33.1
Locally Funded Projects	1,366.318	1,417.095	1,717.418	300.323	21.2
Foreign-Assisted Projects	143.131	58.573	246.062	187.489	320.1
<b>Total</b>	<b>4,645.152</b>	<b>4,656.980</b>	<b>5,068.429</b>	411.449	8.8
Net Lending	27.205	28.700	28.700		
Debt Service-Interest Payments	502.858	582.320	670.471	88.151	15.1
<b>Total Obligations</b>	<b>5,175.215</b>	<b>5,268.000</b>	<b>5,767.600</b>	499.600	9.5

Source: 2024 BESF

Note: Numbers may not add up due to rounding.

While the allocation for Programs has decreased, allocation for Projects will remarkably be higher by 33.1% or ₱487.813 billion in 2024 due to a sizeable increase in locally funded and foreign-assisted projects amounting to ₱300.323 billion (21.2%) and ₱187.489 billion (320.1%), respectively.

The ₱246.062 billion in foreign-assisted projects, composed of a ₱136.403 billion peso counterpart funds and ₱109.660 billion loan proceeds, will be used to fund a number of big-ticket projects, among them are the following:

- North-South Commuter Railway System—₱76.345 billion;
- Metro Manila Subway Project Phase I—₱68.374 billion;
- Bataan-Cavite Interlink Bridge Project—₱9.498 billion;
- Pasig-Marikina River Channel Improvement Project—₱6.636 billion;
- Laguna Lakeshore Road Network Project—₱5.613 billion; and
- Priority Bridges crossing Pasig-Marikina River and Manggahan Floodway Bridges—₱5.466 billion.

As shown in Table 19 below, the budget share of Programs, which comprises General Overhead and Operations, has been declining except in 2022. It decreased from 61.8% in 2020 to only 53.8% in 2024, a drop of 8 percentage points.

In contrast, the budget share of Projects has been erratic. It increased in 2021 but declined in 2022 and 2023. In 2024, the budgetary share of projects will increase by 6 percentage points.

**Table 19. Program Category By Percentage Share, 2020-2024**

Particulars	Percent Share				
	2020	2021	2022	2023	2024
<b>Programs</b>	<b>61.8</b>	<b>57.8</b>	<b>60.6</b>	<b>60.4</b>	<b>53.8</b>
<b>General Overhead</b>	11.8	10.4	9.5	5.7	6.5
General Administration and Support	10.1	9.0	8.4	4.5	4.3
Support to Operations	1.7	1.4	1.2	1.2	2.2
<b>Operations</b>	50.0	47.5	51.0	54.7	47.3
<b>Projects</b>	<b>28.9</b>	<b>32.4</b>	<b>29.2</b>	<b>28.0</b>	<b>34.0</b>
Locally Funded Projects	26.9	29.3	26.4	26.9	29.8
Foreign-Assisted Projects	2.0	3.1	2.8	1.1	4.3
<b>Total</b>	<b>90.7</b>	<b>90.3</b>	<b>89.8</b>	<b>88.4</b>	<b>87.9</b>
Net Lending	0.5	0.4	0.5	0.5	0.5
Debt Service-Interest Payments	8.8	9.3	9.7	11.1	11.6
<b>Total Obligations</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2022-2024 BESF

## 5. By Sector

The sectoral allocation of the 2024 NEP reflects the government's continued high spending priority provided for Social and Economic Services, which accounts for over two-thirds of the proposed NG budget, while the remaining portion will be spent on the other sectors.

For 2024, the allocations for all sectors will increase, with the Social Services Sector receiving the largest nominal increase of ₱178.663 billion and the Defense Sector getting the highest percentage increase of 21.6%.

**Table 20. NG Expenditure By Sector, 2022-2024**

(In Billion Pesos)

Particulars	2022 Actual	2023 Adjusted	2024 Proposed	2024 vs. 2023	
				Amount	% Change
Economic Services Sector	1,687.362	1,624.166	1,709.355	85.189	5.2
Social Services Sector	1,885.049	2,004.335	2,182.998	178.663	8.9
Defense Sector	239.000	232.497	282.757	50.259	21.6
General Public Services Sector	833.740	795.981	893.319	97.338	12.2
Debt Burden	530.063	611.020	699.171	88.151	14.4
Net Lending	27.205	28.700	28.700		
Debt Service-Interest Payment	502.858	582.320	670.471	88.151	15.1
<b>Total Obligations</b>	<b>5,175.215</b>	<b>5,268.000</b>	<b>5,767.600</b>	<b>499.600</b>	<b>9.5</b>

Source : 2024 BESF

Note: Numbers may not add up due to rounding.

Table 21 shows the sectoral percentage share in the NG expenditure program from 2020 to 2024. For the period covered, the government has allotted an average share of 67.9% for the combined expenditures for Social and Economic Services, while the other sectors account for the remaining 32.1%.

The year 2020 recorded the highest percentage share for Social Services as government spending on the emergency subsidy program surged to mitigate the impact of

the pandemic on the vulnerable sectors. On the other hand, Economic Services peaked at 32.6% in 2022 due to larger allocations for communications, roads and other transport, specifically channeled to the DOTR and the DPWH.

For 2024, the percentage share of Social and Economic Services in the NG budget will decrease, while a larger budget is proposed for Defense, General Public Services, and the Debt Burden.

**Table 21. Sectoral Allocation By Percentage Share, 2020-2024**

Particulars	Percent Share				
	2020	2021	2022	2023	2024
Economic Services Sector	26.2	27.7	32.6	30.8	29.6
Social Services Sector	40.7	39.5	36.4	38.0	37.8
Defense Sector	4.2	4.6	4.6	4.4	4.9
General Public Services Sector	19.6	18.5	16.1	15.1	15.5
Debt Burden	9.3	9.7	10.2	11.6	12.1
Net Lending	0.5	0.4	0.5	0.5	0.5
Debt Service-Interest Payments	8.8	9.3	9.7	11.1	11.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2022-2024 BESF

### a. Social Services

The Social Services Sector will continue to receive the biggest allocation with ₱2.183 trillion or 37.8% of the 2024 NG budget. This sector will be prioritized to support government programs on education, culture, manpower development; social security, welfare, and employment; and health, among others. As mandated by the constitution, the Education Sector, which includes the DepEd, State University and Colleges (SUCs), and other government educational institutions, will get the largest share in the national expenditure, accounting for 16.0% of the proposed NG budget or 42.4% of the Social Services Sector's budget.

**Table 22. Social Services Sector, 2022-2024**  
(In Billion Pesos)

Particulars	2022	2023	2024	2024 vs 2023		Percent share		
	Actual	Adjusted	Proposed	Amount	%	2022	2023	2024
<b>Social Services Sector</b>	<b>1,885.049</b>	<b>2,004.335</b>	<b>2,182.998</b>	178.663	8.9	100.0	100.0	100.0
1. Education, Culture, and Manpower Development	778.744	909.074	983.098	74.024	8.1	41.3	45.4	45.0
2. Health	283.152	327.217	325.441	(1.776)	(0.5)	15.0	16.3	14.9
3. Social Security, Welfare & Employment	455.808	430.672	513.521	82.849	19.2	24.2	21.5	23.5
4. Housing and Community Development	9.254	4.788	5.541	0.752	15.7	0.5	0.2	0.3
5. Other Social Services	3.246	3.425	5.018	1.593	46.5	0.2	0.2	0.2
6. Subsidy to Local Government Units	354.845	329.159	350.379	21.220	6.4	18.8	16.4	16.1

Source : 2024 BESF

Note: Numbers may not add up due to rounding.

Social Security, Welfare and Employment, which covers the budget for Department of Labor and Employment (DOLE), Department of Migrant Workers (DMW), Department of Social Welfare and Development (DSWD) and other agencies, as well as some SPFs will account for 23.5% of the Social Services Sector's budget. This subsector will get a significant net increase of ₱82.849 billion, of which ₱76.550 billion pertains to additional pension and gratuity funds, which grew by 43.3% over the current year's budget of ₱176.657 billion. The DSWD budget, as a component of this subsector, will be augmented for the department's various programs and services such as the 4Ps and Social Pension Programs. In contrast, the

allocation for DOLE will decrease due to a reduced provision for Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers (TUPAD).

## b. Economic Services

The amount of ₱1.709 trillion, representing nearly 30% of the 2024 NG budget, will be allocated for the Economic Services Sector, the second highest allocation among the sectors. This will fund the provisions for communications, roads, transport, agriculture, agrarian reform, and trade and industry, among others.

The allocation for communications, roads and other transport, which accounts for more than half of the budget of the Economic Services Sector will be channeled to the DPWH, DOTr, Department of Information and Communications Technology (DICT), and other agencies, with the DOTr receiving most of the increases.

**Table 23. Economic Services Sector, 2022-2024**  
(In Billion Pesos)

Particulars	2022 Actual	2023 Adjusted	2024 Proposed	2024 vs. 2023		Percent Share		
				Amount	%	2022	2023	2024
<b>Economic Services Sector</b>	<b>1,687.362</b>	<b>1,624.166</b>	<b>1,709.355</b>	85.189	5.2	100.0	100.0	100.0
1. Agriculture and Agrarian Reform	149.649	186.536	197.842	11.306	6.1	8.9	11.5	11.6
2. Natural Resources and Environment	26.026	24.919	28.191	3.272	13.1	1.5	1.5	1.6
3. Trade and Industry	12.759	9.766	11.679	1.912	19.6	0.8	0.6	0.7
4. Tourism	5.260	6.386	5.309	(1.076)	(16.9)	0.3	0.4	0.3
5. Power and Energy	17.737	14.986	16.056	1.069	7.1	1.1	0.9	0.9
6. Water Resources Development and Flood Control	112.229	116.552	107.613	(8.939)	(7.7)	6.7	7.2	6.3
7. Communications, Roads, and Other Transport	914.880	906.794	957.565	50.771	5.6	54.2	55.8	56.0
8. Other Economic Services	113.156	46.859	53.660	6.801	14.5	6.7	2.9	3.1
9. Subsidy to Local Government Units	335.664	311.367	331.440	20.073	6.4	19.9	19.2	19.4

Source: 2024 BESF

Note: Numbers may not add up due to rounding.

## c. General Public Services

The General Public Services Sector will be allocated ₱893.319 billion, accounting for 15.5% of the proposed NG budget. This reflects an increase of ₱97.338 billion or 12.2% for public order and safety, general administration of some agencies, and other governance and regulatory services.

**Table 24. General Public Services Sector, 2022-2024**  
(In Billion Pesos)

Particulars	2022 Actual	2023 Adjusted	2024 Proposed	2024 vs. 2023		Percent Share		
				Amount	%	2022	2023	2024
<b>General Public Services Sector</b>	<b>833.740</b>	<b>795.981</b>	<b>893.319</b>	97.338	12.2	100.0	100.0	100.0
1. General Administration	221.882	178.545	215.666	37.121	20.8	26.6	22.4	24.1
2. Public Order and Safety	316.818	338.676	372.972	34.296	10.1	38.0	42.5	41.8
3. Other General Public Services	26.509	29.666	39.530	9.863	33.2	3.2	3.7	4.4
4. Subsidy to LGUs	268.532	249.093	265.152	16.059	6.4	32.2	31.3	29.7

Source: 2024 BESF

Note: Numbers may not add up due to rounding.

## d. Defense

For 2024, the Defense Sector will receive ₱282.757 billion, or about 5.0% of the total NG budget, the least among the five (5) sectors. The Defense Sector budget will support the Land, Air, and Naval Defense Programs, including the UN Peacekeeping Mission to ensure internal security. This also includes the annual budget for the Revised AFP Modernization Program, which is now categorized as an SPF, and with a budget that has been increased from ₱27.500 billion to ₱50.000 billion.

## e. Debt Burden

The government has allocated ₱699.171 billion or 12.1% of the proposed NG budget to address the debt burden or the servicing of the country's debt in 2024. This amount consists of ₱670.471 billion to pay for interest on NG domestic and foreign debts, and ₱28.700 billion for net lending, which pertains to NG advances to government corporations for debts guaranteed by the government.

## 6. By Recipient Unit

The NGAs will continue to get the largest share, at 67.0% or ₱3.866 trillion, of the 2024 NEP, for the implementation of key programs and projects of various departments and line agencies. The amount is 10.1% higher than the current budget of ₱3.513 trillion.

Table 25. NG Expenditure By Recipient Unit, 2022-2024

(In Billion pesos)

Particulars	2022 Actual	2023 Adjusted	2024 Proposed	2024 vs 2023		Percent Share		
				Amount	% Change	2022	2023	2024
National Government Agencies (NGAs)	3,358.140	3,513.049	3,866.415	353.366	10.1	64.9	66.7	67.0
Local Government Units (LGUs)	1,088.589	950.754	1,008.214	57.460	6.0	21.0	18.0	17.5
Government-Owned and-Controlled Corporations (GOCCs)	225.628	221.877	222.500	0.623	0.3	4.4	4.2	3.9
Creditors	502.858	582.320	670.471	88.151	15.1	9.7	11.1	11.6
<b>Total</b>	<b>5,175.215</b>	<b>5,268.000</b>	<b>5,767.600</b>	499.600	9.5	100.0	100.0	100.0

Source: 2024 BESF

The subsidy for LGUs will increase by ₱57.460 billion, from ₱950.754 billion in 2023 to ₱1.008 trillion in 2024. Of the allocated budget, 86.4% or ₱871.375 billion will be for the NTA pursuant to the Local Government Code of 1991 and the Supreme Court Ruling on the Mandanas-Garcia case. Other items include the allocation for BARMM for the Annual Block Grant, SDF, Shares in the Proceeds of National Taxes, and the Local Government Support Fund (LGSF).

Government-Owned and/or -Controlled Corporations (GOCCs) will receive ₱222.500 billion or 3.9% of the proposed NG budget. This amount pertains to NG's assistance to forty-one (41) GOCCs amounting to ₱193.800 billion and net lending of ₱28.700 billion. The support to GOCCs includes subsidies amounting to ₱148.548 billion, infrastructure outlays of ₱43.753 billion, and equity requirements of ₱1.499 billion.

The allocation for Creditors will increase by ₱88.151 billion (15.1%) from ₱582.320 billion to ₱670.471 billion. This will cover the interest payments on borrowings both from domestic and foreign sources.

## 7. By Regional Allocation

Out of the total budget of ₱5.768 trillion allocated for 2024, ₱1.509 trillion, which accounts for 26.2%, is categorized as Nationwide funds; ₱628.951 billion or 10.9% will be managed by the Central Offices of the respective departments/agencies; and the remaining ₱3.630 trillion is allocated across the 17 regions of the country.

**Table 26. Regional Allocation of the Expenditure Program, 2020-2024**  
(In Billion Pesos)

Particulars	2020 Actual	2021 Actual	2022 Actual	2023		2024		2024 vs 2023	
				Adjusted	% Share	Proposed	% Share	Amount	% Change
<b>Nationwide</b>	<b>555.342</b>	<b>487.953</b>	<b>535.366</b>	<b>1,173.732</b>	22.3	<b>1,508.610</b>	26.2	334.878	28.5
<b>Central Office</b>	<b>639.948</b>	<b>918.260</b>	<b>755.038</b>	<b>448.196</b>	8.5	<b>628.951</b>	10.9	180.755	40.3
<b>Regional</b>	<b>3,113.741</b>	<b>3,194.573</b>	<b>3,884.810</b>	<b>3,646.073</b>	69.2	<b>3,630.039</b>	62.9	(16.033)	(0.4)
NCR	1,459.152	1,132.932	980.108	846.063	16.1	854.154	14.8	8.091	1.0
Region I	97.232	131.883	183.038	169.899	3.2	157.940	2.7	(11.959)	(7.0)
CAR	53.317	74.334	123.519	98.462	1.9	92.742	1.6	(5.720)	(5.8)
Region II	86.935	110.101	145.300	144.730	2.7	141.507	2.5	(3.223)	(2.2)
Region III	178.433	219.439	316.193	321.085	6.1	311.936	5.4	(9.149)	(2.8)
Region IV	256.593	313.442	462.515	452.875	8.6	438.429	7.6	(14.445)	(3.2)
Region IV-A	190.108	230.037	323.967	318.708	6.0	304.633	5.3	(14.075)	(4.4)
Region IV-B	66.484	83.405	138.548	134.167	2.5	133.796	2.3	(0.371)	(0.3)
Region V	113.886	142.695	215.881	212.845	4.0	199.655	3.5	(13.189)	(6.2)
<b>Subtotal, Luzon</b>	<b>2,245.548</b>	<b>2,124.825</b>	<b>2,426.555</b>	<b>2,245.958</b>	42.6	<b>2,196.363</b>	38.1	(49.595)	(2.2)
Region VI	136.231	164.174	216.111	203.548	3.9	207.519	3.6	3.971	2.0
Region VII	127.411	154.020	209.116	212.067	4.0	212.355	3.7	0.288	0.1
Region VIII	98.677	126.982	176.135	177.398	3.4	184.620	3.2	7.222	4.1
<b>Subtotal, Visayas</b>	<b>362.318</b>	<b>445.176</b>	<b>601.362</b>	<b>593.012</b>	11.3	<b>604.494</b>	10.5	11.482	1.9
Region IX	73.112	89.755	123.351	126.765	2.4	131.965	2.3	5.200	4.1
Region X	91.975	119.140	171.376	175.035	3.3	164.510	2.9	(10.526)	(6.0)
Region XI	89.426	114.425	177.675	149.184	2.8	157.456	2.7	8.272	5.5
Region XII	77.377	91.027	121.737	116.503	2.2	123.114	2.1	6.611	5.7
CARAGA	64.181	80.236	123.514	109.329	2.1	109.902	1.9	0.573	0.5
BARMM	109.804	129.988	139.240	130.285	2.5	142.236	2.5	11.951	9.2
<b>Subtotal, Mindanao</b>	<b>505.875</b>	<b>624.572</b>	<b>856.893</b>	<b>807.102</b>	15.3	<b>829.182</b>	14.4	22.080	2.7
<b>TOTAL</b>	<b>4,309.031</b>	<b>4,600.787</b>	<b>5,175.215</b>	<b>5,268.000</b>	100.0	<b>5,767.600</b>	100.0	499.600	9.5

Source: 2022-2024 BESF

Note: Numbers may not add up due to rounding.

Among the 17 regions, the National Capital Region (NCR) will receive the largest allocation amounting to ₱854.154 billion, representing 14.8% of the total budget; while the Cordillera Administrative Region (CAR) will get the least share of ₱92.742 billion or 1.6%.

### a. Regional Per Capita Allocation

In terms of regional per capita allocation, the NCR still ranks first with ₱69,419.00; ₱59,323.00; and ₱59,330.00 in 2022, 2023, and 2024, respectively. Region IV-A remains at the bottom with ₱19,452.00; ₱18,815.00; and ₱17,697.00 for the same years, respectively.

Table 27. Regional Per Capita Allocation, 2022-2024

Region	Mid-Year Population			Regional Allocation (In Billion Pesos)			Per Capita Allocation (In Philippine Peso)		
	July 1, 2022	July 1, 2023	July 1, 2024	2022 Actual Obligations	2023 Adjusted	2024 Proposed	2022 Actual Obligations	2023 Adjusted	2024 Proposed
NCR	14,118,673	14,262,006	14,396,579	980.108	846.063	854.154	69,419	59,323	59,330
Region I	5,353,139	5,390,567	5,425,606	183.038	169.899	157.940	34,193	31,518	29,110
CAR	1,836,857	1,850,151	1,862,660	123.519	98.462	92.742	67,245	53,218	49,790
Region II	3,727,548	3,759,424	3,789,330	145.300	144.730	141.507	38,980	38,498	37,343
Region III	12,706,460	12,891,548	13,069,625	316.193	321.085	311.936	24,884	24,907	23,867
Region IV-A	16,654,975	16,938,893	17,213,591	323.967	318.708	304.633	19,452	18,815	17,697
Region IV-B	3,247,680	3,281,249	3,313,035	138.548	134.167	133.796	42,661	40,889	40,385
Region V	6,248,843	6,301,591	6,351,296	215.881	212.845	199.655	34,547	33,776	31,435
Region VI	8,033,041	8,092,366	8,148,694	216.111	203.548	207.519	26,903	25,153	25,467
Region VII	8,147,078	8,233,965	8,315,664	209.116	212.067	212.355	25,668	25,755	25,537
Region VIII	4,865,157	4,926,495	4,987,965	176.135	177.398	184.620	36,203	36,009	37,013
Region IX	3,834,801	3,858,548	3,880,826	123.351	126.765	131.965	32,166	32,853	34,004
Region X	5,128,964	5,180,245	5,228,550	171.376	175.035	164.510	33,413	33,789	31,464
Region XI	5,451,448	5,531,465	5,611,525	177.675	149.184	157.456	32,592	26,970	28,059
Region XII	5,048,327	5,107,296	5,162,940	121.737	116.503	123.114	24,114	22,811	23,846
CARAGA	2,810,426	2,837,738	2,864,204	123.514	109.329	109.902	43,948	38,527	38,371
BARMM	4,358,837	4,449,234	4,541,629	139.240	130.285	142.236	31,944	29,283	31,318

Source: 2024 BESF and Philippine Statistics Authority

## b. Nationwide Allocation

The nationwide allocation for 2024 will grow by ₱334.878 billion on account of the significant increase in the allocation for SPFs, particularly the MPBF and the PGF by ₱109.093 billion and ₱76.550 billion, respectively. The provision for interest payments, which comprises 54.1% of the total allocation for SPFs, will also go up by ₱88.151 billion. In addition to SPFs, the nationwide allocation under the DPWH will be augmented by ₱83.010 billion.

Table 28. Nationwide Allocation, 2020-2024

(In Billion Pesos)

Particulars	2020	2021	2022	2023	2024	2024 vs 2023	
	Actual	Actual	Actual	Adjusted	Proposed	Amount	%
<b>Departments/Agencies</b>	<b>27.854</b>	<b>2.075</b>	<b>5.303</b>	<b>239.391</b>	<b>269.501</b>	30.110	12.6
Department of Agriculture	14.565	1.792	4.613	5.050	4.458	(0.592)	(11.7)
Department of Education	0.122	0.183	0.188	43.084	25.455	(17.629)	(40.9)
Department of Health			0.358	106.070	95.156	(10.914)	(10.3)
State Universities and Colleges	12.139						
Department of the Interior and Local Government			0.048				
Department of Labor and Employment				19.426	12.919	(6.507)	(33.5)
Department of National Defense					0.267	0.267	
Department of Public Works and Highways				19.620	102.630	83.010	423.1
Department of Social Welfare and Development				45.998	28.615	(17.382)	(37.8)
Other Executive Offices	1.027	0.100	0.097	0.143		(0.143)	(100.0)
<b>Special Purpose Funds</b>	<b>527.488</b>	<b>485.879</b>	<b>530.063</b>	<b>934.341</b>	<b>1,239.109</b>	304.768	32.6
Budgetary Support to Government Corporations	52.143			0.029	0.029		
Allocations to Local Government Units	72.819	38.570		44.494	42.468	(2.025)	(4.6)
National Disaster Risk Reduction and Management Fund				20.500	31.000	10.500	51.2
Contingent Fund				13.000	13.000		
Miscellaneous Personnel Benefits Fund				26.641	135.734	109.093	409.5
Pension and Gratuity Fund				176.657	253.207	76.550	43.3
Revised AFP Modernization Program				27.500	50.000	22.500	81.8
Tax Expenditure Fund				14.500	14.500		
Debt Service-Interest Payment	380.412	429.432	502.858	582.320	670.471	88.151	15.1
Net Lending	22.114	17.877	27.205	28.700	28.700		
<b>TOTAL</b>	<b>555.342</b>	<b>487.953</b>	<b>535.366</b>	<b>1,173.732</b>	<b>1,508.610</b>	334.878	28.5

Source: 2022-2024 BESF

Note: Numbers may not add up due to rounding.

A substantial portion of the nationwide allocation will still be distributed to the regional offices of the various departments/agencies, including GOCCs and LGUs, during the budget execution.

### c. By Island Group

By island grouping, net of nationwide and central office allocations, the Luzon island will capture the biggest chunk of the ₱3.630 trillion budget for the 17 regions amounting to ₱2.196 trillion or 60.5%. On the other hand, Mindanao and Visayas islands will have ₱829.182 billion or 22.8% and ₱604.494 billion or 16.7%, respectively.

## 8. Top 10 Departments

The budget of the top ten departments of ₱3.249 trillion, which accounts for 56.3% of the total expenditure program of the national government, is ₱106.942 billion or 3.4% higher than the current year's program of ₱3.142 trillion. Consistent with the mandate of the 1987 Constitution of giving importance to education, the sector will receive the biggest allocation with ₱924.658 billion to fund the education of over 28 million learners in public schools, who will already be attending the five day in-person classes.

**Table 29. Top Ten Departments, 2020-2024**  
(In Billion Pesos)

DEPARTMENTS	2020 Actual	2021 Actual	2022 Actual	2023 Adjusted	2024 Proposed	2024 % Share	2024 vs. 2023	
							Variance	% Change
<b>Total National Budget</b>	<b>4,309.031</b>	<b>4,600.787</b>	<b>5,175.215</b>	<b>5,268.000</b>	<b>5,767.600</b>		499.600	9.5
<b>Top Ten Departments</b>	<b>2,659.281</b>	<b>2,902.357</b>	<b>3,203.032</b>	<b>3,141.601</b>	<b>3,248.543</b>	100.0	106.942	3.4
Education Sector*	681.710	781.352	782.810	895.497	924.658	28.5	29.162	3.3
DPWH	466.060	662.190	856.525	894.166	822.200	25.3	(71.966)	(8.0)
DOH (including PhilHealth)	247.892	308.012	274.621	314.690	306.114	9.4	(8.576)	(2.7)
DILG**	292.154	311.012	321.844	252.855	259.506	8.0	6.650	2.6
DND***	258.385	312.772	331.269	203.369	232.243	7.1	28.873	14.2
DOTr	116.321	99.045	163.111	105.956	214.296	6.6	108.341	102.3
DSWD	347.256	195.389	230.224	199.511	209.929	6.5	10.417	5.2
Agriculture Sector****	168.654	135.297	146.232	173.574	181.351	5.6	7.777	4.5
Judiciary	42.685	45.691	47.413	54.905	57.789	1.8	2.884	5.3
Labor and Employment*****	38.163	51.597	48.984	47.078	40.459	1.2	(6.619)	(14.1)
<b>Rest of National Budget</b>	<b>1,649.750</b>	<b>1,698.430</b>	<b>1,972.183</b>	<b>2,126.399</b>	<b>2,519.057</b>		392.658	18.5

Sources: 2024 NEP, 2020-2023 GAA, 2022-2024 BESF

\*Includes the budgets of DepEd, SUCs, CHED, TESDA, LGA, PNPA, PPSC, PMA, NDCP, PSHS and SEI

\*\*except PNPA, PPSC and LGA

\*\*\*except NDCP and PMA

\*\*\*\*Includes the budgets of DA (including attached agencies and corporations), DAR and PCIC

\*\*\*\*\*Includes the budgets of DOLE (except TESDA) and DMW

### a. Education Sector

The education sector's proposed budget of ₱924.658 billion is ₱29.162 billion or 3.3% higher than the 2023 program of ₱895.497 billion. The DepEd will partake the largest share of the sector's budget with ₱758.595 billion or 82.0%, which is ₱36.801 billion or 5.1% higher than the 2023 budget. The least share will go to the National Defense College of the Philippines (NDCP) with ₱145.717 million or less than 0.1% of the sector's budget. Table 30 below shows the government agencies classified under the education sector.

**Table 30. Education Sector Budget, 2022-2024**

(In Billion Pesos)

Particulars	2022	2023	2024	2024	2024 vs 2023	
	Actual	Adjusted	Proposed	% share	Variance	% Change
Department of Education (DepEd)	627.270	721.795	758.595	82.0	36.801	5.1
Commission on Higher Education (CHED)	29.882	31.730	30.987	3.4	(0.743)	(2.3)
State Universities and Colleges (SUCs)	97.593	111.459	105.581	11.4	(5.878)	(5.3)
Technical Education and Skills Development Authority (TESDA)	14.969	16.247	15.234	1.6	(1.013)	(6.2)
Local Government Academy (LGA)	0.366	0.217	0.300	<0.1	0.083	38.2
Philippine National Police Academy (PNPA)	1.154	1.469	1.261	0.1	(0.209)	(14.2)
Philippine Public Safety College (PPSC)	0.692	0.728	0.944	0.1	0.216	29.7
National Defense College of the Philippines (NDCP)	0.130	0.130	0.146	<0.1	0.016	12.0
Philippine Military Academy (PMA)	1.360	1.475	1.585	0.2	0.110	7.4
Philippine Science High School (PSHS) System	2.615	3.036	2.701	0.3	(0.335)	(11.0)
Science Education Institute (SEI)	6.780	7.211	7.326	0.8	0.114	1.6
<b>Total</b>	<b>782.810</b>	<b>895.497</b>	<b>924.658</b>	<b>100.0</b>	<b>29.162</b>	<b>3.3</b>

Source: 2024 BESF, 2024 NEP and 2022-2023 GAA

A large portion of the DepEd's ₱758.595 billion budget for 2024 will be spent on the following:

- Operations of schools—₱507.192 billion, exclusive of Retirement and Life Insurance Premiums (RLIP)
  - Elementary (Kinder to Grade 6)— ₱290.792 billion;
  - Junior High School (Grade 7 to 10) —₱165.748 billion; and
  - Senior High School (Grade 11 to 12)—₱50.653 billion.
- Educational service contracting, senior high school (SHS) voucher program, and joint delivery voucher for SHS technical vocational and livelihood educations— ₱39.328 billion
- Basic Education Facilities for the construction of 7,879 classrooms and technical vocational laboratories; repair and rehabilitation of 10,050 classrooms; procurement of 21,557 sets of school desks and furniture and fixtures; electrification of 432 classrooms and construction of 333 priority school health facilities, three (3) medium-rise school buildings, 72 library hubs, 16 Inclusive Learning Resource Centers (ILRCs) and four (4) Community Learning Centers— ₱33.756 billion
- New School Personnel positions—₱26.202 billion
- Textbooks and Other Instructional Materials to fund learning packages, resources for library hubs and printed materials aligned with the new curriculum for Kinder and Grades 1, 4 and 7—₱12.039 billion
- Computerization Program—₱8.902 billion
- Learning Tools and Equipment to purchase science and mathematics equipment and technical vocational and livelihood equipment—₱3.949 billion

- SBFP for the provision of hot meals or nutritious food products to severely wasted and wasted learners from Kinder to Grade 6—₱11.711 billion
- Last Mile Schools Program to provide equitable access to learning by addressing gaps in resources and facilities of schools located in geographically-isolated and disadvantaged and conflict-affected areas—₱3.000 billion
- Quick Response Fund—₱3.000 billion

Under the Commission on Higher Education (CHED), SUCs, and Technical Education and Skills Development Authority (TESDA) is a ₱51.100 billion allocation to fund the education subsidies for students for the implementation of the UAQTE Act, which is distributed to the following agencies:

- CHED—₱26.008 billion
  - Free Higher Education (FHE) for CHED-recognized Local Universities and Colleges (LUCs) for 437,500 students;
  - Tertiary Education Subsidy (TES), including Tulong Dunong Program, for 399,168 students.
- SUCs—approximately ₱21.682 billion
  - FHE for 114 SUCs to benefit 3,145,098 students.
- TESDA— ₱3.410 billion
  - Free technical vocational education and training for 38,179 enrollees and 10,126 graduates.

## **b. Department of Public Works and Highways**

As the primary infrastructure agency of the national government, the DPWH will be allotted ₱822.200 billion, which is equivalent to 25.3% of the total budget of the top ten departments. This amount, which is lower than the current year's level of ₱894.166 billion by ₱71.966 billion or 8.0% will cover the agency's major infrastructure programs:

- Asset Preservation Program to implement preventive maintenance on 1,196.398 kilometers of roads; and upgrade 798.711 kilometers of damaged paved roads—₱115.588 billion
- Network Development Program for the construction of 721.656 kilometers of new roads and widen/improve 647.288 kilometers of existing roads—₱148.112 billion
- Bridge Program for the construction of 15,208.83 linear meters of bridges; and maintenance, retrofitting, repair, rehabilitation and widening of 525 existing bridges—₱45.839 billion
- Flood Management Program to construct 1,500 flood mitigation structures and drainage systems; and to construct/rehabilitate 965 flood mitigation facilities with major river basins and principal rivers—₱215.643 billion

### c. Department of Health

To sustain the government's efforts to strengthen the public health care system, the DOH and the Philippine Health Insurance Corporation (PhilHealth) will be allocated a combined budget of ₱306.114 billion to enhance health care infrastructure, ensure adequate medical supplies, and reinforce the health care workforce. Nearly 80% of this budget will fund the following:

- Operation of DOH hospitals to ensure that quality services are delivered to the people—₱67.326 billion
  - Metro Manila hospitals—₱17.571 billion
  - Regional hospitals and other health facilities—₱49.755 billion
- HFEP to fund the construction, rehabilitation and upgrading of health facilities of national and local government hospitals, barangay health stations, rural health units, polyclinics and other health facilities, including the purchase of medical transport vehicles and equipment —₱22.920 billion
- Medical Assistance to Indigent and Financially-Incapacitated Patients (MAIP) to cover the hospitalization and medical expenses of 1.312 million indigent and financially incapacitated patients who cannot afford and access quality medical care services—₱22.264 billion
- National Health Workforce Support System to augment, redistribute, and retain/deploy at least 26,035 health workers in the country to improve the public's access to basic health services, especially those in the marginalized areas—₱17.979 billion
- Prevention and control of communicable diseases to stop the spread of infectious diseases—₱4.758 billion
- Prevention and control of non-communicable diseases to purchase medical supplies for the treatment and control of non-infectious diseases, such as cancer and mental illness—₱1.707 billion
- World Bank Philippine Multi-Sectoral Nutrition Project<sup>5</sup> to deliver a package of nutrition-specific and nutrition-sensitive interventions geared to reduce stunting in 235 municipalities—₱2.149 billion
- Philhealth's National Health Insurance Program to subsidize the health care insurance premiums—₱101.515 billion
  - 12.75 million indigents under the National Household Targeting System for Poverty Reduction
  - 8.26 million senior citizens under the Expanded Senior Citizens Act of 2010
  - 15,683 financially-incapable point of service patients
  - 136,030 unemployed persons with disability
  - 25,512 Payapa at Masaganang Pamayanan (PAMANA) beneficiaries

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<sup>5</sup> This is a foreign-assisted project that will be implemented in coordination with the DSWD—₱611.538 million.

#### **d. Department of Interior and Local Government (DILG)**

To pursue the DILG's mandate to carry out the President's exercise of general supervision over the local government units; and to ensure peace and order, public safety and security, the department is given the fourth biggest budget amounting to ₱259.506 billion. The following attached agencies will receive substantial funding:

- Philippine National Police—₱194.820 billion;
- Bureau of Fire Protection—₱29.489 billion; and the
- Bureau of Jail Management and Penology—₱23.844 billion.

#### **e. Department of National Defense**

To defend the country against external and internal threats and create a secure and stable environment conducive to national development, the DND will receive a budget of ₱232.243 billion, an increase of ₱28.873 billion or 14.2% from the 2023 level. Of this budget, more than 89.1% or ₱206.872 billion will fund the following three major services of the AFP, including the recruitment of additional troops and capability enhancements:

- Philippine Army—₱121.125 billion
- Philippine Air Force—₱44.770 billion
- Philippine Navy—₱40.977 billion

#### **f. Department of Transportation**

The DOTr's 2024 proposed budget of ₱214.296 billion constitutes the largest growth rate among the top ten departments in 2024 with an increase of ₱108.341 billion or 102.3%. Among the projects that will contribute to this increase are the following:

- North-South Commuter Railway System (NSCR)—₱76.345 billion
- Metro Manila Subway Project (MMSP) Phase 1—₱68.374 billion
- LRT Line 1 Cavite Extension Project—₱4.661 billion
- PNR South Long-Haul Project—₱3.080 billion
- MRT 3 Rehabilitation Project—₱2.927 billion

#### **g. Department of Social Welfare and Development**

To fund the 2024 social protection programs of the national government, the DSWD will obtain an allocation of ₱209.929 billion, which is barely 4.0% of the 2024 total expenditure program. Enumerated below are the appropriations for DSWD's major programs:

- Pantawid Pamilyang Pilipino Program<sup>6</sup> to provide health grants, education allowances and rice subsidies to 4.4 million household beneficiaries—₱112.836 billion
- Social Pension for Indigent Senior Citizens to support 4,085,066 indigent senior citizens—₱49.807 billion
  - To implement R.A. No. 11916 or an Act increasing the social pension of indigent senior citizens, the monthly pensions has doubled from ₱500 to ₱1,000.

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<sup>6</sup> Cash grants under the 4Ps are as follows: ₱750 - Monthly Health Grant (per household); Monthly Education Grant (per student) ₱300 - Elementary, ₱500 - Junior High School, ₱700 - Senior High School; and, ₱600 - Monthly Rice Subsidy (per household).

- Protective Services for Individuals and Families in Difficult Circumstances<sup>7</sup> to provide financial assistance to 3,867,673 individuals and families in difficult circumstances— ₱19.972 billion
- Sustainable Livelihood Program (SLP)<sup>8</sup> to support 277,128 household beneficiaries — ₱5.622 billion
- Supplementary Feeding Program to provide hot meals to 2,027,927 children and milk to 112,530 children enrolled in LGU-managed Community Development Centers (CDC) and Supervised Neighborhood Play (SNP)—₱4.084 billion
- Philippine Food STAMP (Strategic Transfer and Alternative Measures Program) that is envisioned to alleviate hunger and malnutrition among the 50,000 Filipino households belonging to the food-poor households by providing electronic benefit transfer (EBT) cards loaded with ₱3,000 food credits that can be used in DSWD-registered or accredited suppliers—₱1.890 billion

#### **h. Agriculture Sector**

The agriculture sector will receive ₱181.351 billion for next year, which will be apportioned as follows:

- Department of Agriculture (DA), including its attached agencies and corporations— ₱167.458 billion;
- Department of Agrarian Reform (DAR) —₱9.393 billion; and,
- Philippine Crop Insurance Corporation (PCIC)—₱4.500 billion.

To ensure food security, the following programs will be prioritized:

- National Rice Program—₱ 30.870 billion
  - To complement the National Rice Program, the amount of ₱10.000 billion is allocated for the Rice Competitiveness Enhancement Fund (RCEF).
- National Corn Program—₱5.279 billion
- National Livestock Program—₱4.347 billion
- National High Value Crops Development Program—₱1.938 billion
- National Urban and Peri-Urban Agriculture Program—₱436.130 million
- National Fisheries Program under the Bureau of Fisheries and Aquatic Resources to boost local fisheries production and help attain fish sufficiency—₱6.097 billion

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<sup>7</sup> One of the components of the program is the Assistance to Individuals in Crisis Situation (AICS), which provides integrated protective services to families in need of medical, burial, transportation, or educational assistance, and referrals for medical, legal, psychological, and temporary shelter, among others.

<sup>8</sup> The SLP is a community-based capacity building program implemented through micro-enterprise development track and employment facilitation track.

- Farm-to-market roads (FMRs) to construct 1,144.58 kilometers of FMRs—₱17.269 billion
- National Irrigation Administration to invest in irrigation systems that will generate a service area of 31,548 hectares and to repair 3,786.39 kilometers of canal linings, pipes and service roads—₱31.178 billion
- Implementation of the Fisheries Infrastructure Development Program under the Philippine Fisheries Development Authority—₱4.937 billion
- DA Easy Access Loan Strategy under the budget of the Agricultural Credit Policy Council to finance the Agricultural Competitiveness Enhancement Fund that will provide the necessary credit and grants to farmers and fisherfolk, including their cooperatives, associations and micro and small enterprises—₱2.750 billion
- Buffer Stocking Program of the National Food Authority to fund the local procurement of 437,684 metric tons of palay to maintain food security in times of emergencies and crises—₱9.000 billion
- Various agrarian reform programs—₱5.263 billion
  - The proposed budget of the DAR will fund the Land Tenure Security Program, Agrarian Justice Delivery Program, and Agrarian Reform Beneficiaries Development and Sustainability Program.
- Crop Insurance Program of the PCIC to benefit 2.292 million small farmers and fisherfolk against losses from natural calamities, plant diseases, and pest infestations—₱4.500 billion

#### **i. The Judiciary**

To improve access to the justice system and adherence to the rule of law, the Judiciary will be allocated ₱57.789 billion, which is higher by ₱2.884 billion or 5.3% than the 2023 program. The Supreme Court and the Lower Courts will obtain 87.7% or ₱50.708 billion of the total Judiciary budget.

#### **j. Labor and Employment Sector**

The sector is composed of the combined budgets of the DOLE of ₱24.917 billion and the DMW of ₱15.542 billion.

The DOLE will implement the following Livelihood and Emergency Employment Programs to support the Filipino workforce:

- TUPAD Program<sup>9</sup> and Government Internship Program (GIP)<sup>10</sup> to help 1,358,436 displaced informal workers and to support 13,554 youth beneficiaries—₱13.727 billion
- DOLE Integrated Livelihood Program (DILP) also referred to as “Kabuhayan Program” to aid 63,959 marginalized workers/disadvantaged workers—₱2.3 billion
- Adjustment Measures Program (AMP)<sup>11</sup>— ₱407 million

Meanwhile, the DMW’s programs are anchored in the prioritization of the welfare of OFWs. For 2024, its budget will finance various employment facilitation and welfare services such as:

- The Overseas Employment and Welfare Program—₱2.779 billion
- Emergency Repatriation Program under the Overseas Workers Welfare Administration’s (OWWA) to bring back distressed OFWs and the remains of dead OFWs—₱11.981 billion
  - For 2024, assistance will be provided to 226,000 beneficiaries, who will be accorded with airport assistance, temporary shelter at the OWWA Halfway Home, psycho-social counseling, stress debriefing, and transport services or fares for their onward travel to their respective provinces. Emergency repatriation is carried out in the event of any political unrest or natural calamities.

## 9. Off Budget Accounts

Off-budget accounts are receipts or revenues generated by agencies from their operations for expenditure items which are not part of the NEP. It has two components, namely: (1) off-budget item or any expenditure item which is not part of the NEP (e.g. principal repayments); and (2) off-budgetary funds or receipts which are authorized to be deposited with government financial institutions for expenditure items which are not part of the NEP.

Off-budgetary funds are categorized as follows:

- Retained income/receipts
- Revolving funds
- Receipts from borrowings by the Bureau of the Treasury (BTr)

While said funds are not included in the General Fund of the government and are not being managed by the BTr, the collection and use of off-budget accounts are still subject to the

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<sup>9</sup> The TUPAD Program is a community-based package of assistance that provides safety nets through temporary wage public employment projects for a period of 10 to 90 days, continuous or otherwise, depending on the nature of work to be performed.

<sup>10</sup> The GIP aims to provide opportunities and engage beneficiaries to serve the public in government agencies/entities projects and programs at the national and local level. It provides them the opportunity to demonstrate their talents and skills in the field of public service with the ultimate objective of attracting the best and the brightest talents who want to pursue a career in government service. The internship period runs for a minimum of three (3) months to a maximum of six (6) months.

<sup>11</sup> AMP provides a package of assistance and other forms of interventions to help individuals/workers and companies, particularly the distressed, in coping with economic and social disruptions. It gives priority to enhancing competitiveness and employability of workers; and assist companies in adopting socially-responsible workforce restructuring policies; and positive workforce adjustment measures geared at preventing and/or minimizing job losses.

scrutiny of the Commission on Audit. Off-budget expenditures for 2024 is estimated at ₱136.406 billion equivalent to 84.5% of the projected receipts of ₱161.415 billion, and 2.4% of total NG expenditures.

### III. NG Fiscal Program

#### A. 2019 to 2028 Fiscal Program

Guided by the MTFF of the current Administration, the NG aims to gradually reduce the budget deficit-to-GDP from 7.6% in 2022 to 3.0% in 2028, lower than the pre-pandemic budget deficit-to-GDP of 3.4% in 2019. It is worth mentioning that in 2022 the NG achieved an actual level of 7.3% budget deficit-to-GDP, which is lower than the MTFF target of 7.6%.

It can be gleaned from Table 31 that the NG's strategy to achieve the desired budget deficit-to-GDP ratio by 2028 is to progressively increase the revenue effort from 16.1% in 2022 to 17.4% in 2028 by implementing proposed revenue-generating measures and structural reforms over the medium term, while maintaining around 20% to 21% disbursements-to-GDP levels for the next five years (2024-2028) and with greater public spending efficiency.

Table 31. NG Fiscal Position/Program, 2019-2028  
(In Billion Pesos)

Particulars	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Program	2024 Projected	2025 Projected	2026 Projected	2027 Projected	2028 Projected
<b>Revenues</b>	3,137	2,856	3,006	3,546	3,729	4,273	4,730	5,295	5,940	6,670
Year-on-Year Growth Rate	10.1%	-9.0%	5.2%	18.0%	5.2%	14.6%	10.7%	12.0%	12.2%	12.3%
<b>Disbursements</b>	3,798	4,227	4,676	5,160	5,228	5,629	5,923	6,409	7,057	7,819
Year-on-Year Growth Rate	11.4%	11.3%	10.6%	10.4%	1.3%	7.7%	5.2%	8.2%	10.1%	10.8%
o.w. Infrastructure	1,050	870	1,124	1,278	1,293	1,365	1,470	1,618	1,916	2,303
Year-on-Year Growth Rate	18.5%	-17.1%	29.2%	13.8%	1.1%	5.6%	7.7%	10.0%	18.4%	20.2%
<b>Budget Deficit</b>	(660)	(1,371)	(1,670)	(1,614)	(1,499)	(1,357)	(1,193)	(1,115)	(1,117)	(1,149)
Year-on-Year Growth Rate	18.3%	107.7%	21.8%	-3.4%	-7.1%	-9.5%	-12.1%	-6.6%	0.2%	2.8%
<b>As percentages of GDP:</b>										
Revenues	16.1%	15.9%	15.5%	▲ 16.1%	▼ 15.2%	▲ 16.1%	▲ 16.3%	▲ 16.6%	▲ 17.0%	▼ 17.4%
MTFF Original Projection				15.2%	15.3%	15.6%	16.0%	16.5%	17.0%	17.6%
Disbursements	19.5%	23.5%	24.1%	▲ 23.4%	▼ 21.3%	▲ 21.2%	▲ 20.4%	▲ 20.1%	20.2%	▼ 20.4%
MTFF Original Projection				22.9%	21.4%	20.7%	20.2%	20.0%	20.2%	20.6%
o.w. Infrastructure	5.4%	4.8%	5.8%	▲ 5.8%	▲ 5.3%	▲ 5.1%	▲ 5.1%	▼ 5.1%	▼ 5.5%	▼ 6.0%
MTFF Original Projection				5.5%	5.0%	5.0%	5.0%	5.3%	5.7%	6.2%
Budget Deficit	-3.4%	-7.6%	-8.6%	▼ -7.3%	-6.1%	-5.1%	-4.1%	-3.5%	-3.2%	-3.0%
MTFF Original Projection				-7.6%	-6.1%	-5.1%	-4.1%	-3.5%	-3.2%	-3.0%
Legend: ▲ = Higher than the original projection; ▼ = Lower than the original projection										
Memo: Nominal GDP	19,518	17,952	19,411	22,025	24,522	26,605	29,102	31,842	34,909	38,298

Sources: 2021-2024 BESF; 2024 BESF, DBCC Ad Referendum approved on July 12, 2023 and MTFF (Original Projections)

For 2024, the NG targets to incur a budget deficit of ₱1.357 trillion, which is 9.5% lower than the current year's adjusted level of ₱1.499 trillion. The improvement in the budget deficit is caused by the higher projected revenues for 2024 amounting to ₱4.273 trillion, which is 14.6% or ₱543.556 billion higher than the programmed revenue collections of ₱3.729 trillion for 2023. This is tempered, however, by the projected 7.7% or ₱400.977 billion upturn in cash disbursements for 2024 amounting to ₱5.629 trillion from its current year's level of ₱5.228 trillion.

**Table 32. Fiscal Performance, January-June**

(In Million Pesos)

Particulars	January to June						
	2023 Program	Actual		Variance			
		2022	2023	2023 vs 2022	% Change	2023 Actual vs Program	% Change
<b>Revenues</b>	<b>1,810,890</b>	<b>1,727,492</b>	<b>1,860,134</b>	<b>132,642</b>	7.7%	<b>49,244</b>	2.7%
Tax Revenues	1,680,805	1,541,333	1,656,987	115,654	7.5%	(23,818)	(1.4%)
BIR	1,251,384	1,132,528	1,219,188	86,660	7.7%	(32,196)	(2.6%)
BOC	420,664	396,715	433,433	36,718	9.3%	12,769	3.0%
Other Offices	8,757	12,090	4,366	(7,724)	(63.9%)	(4,391)	(50.1%)
Non-Tax Revenues (inc. privatization)	130,085	186,159	203,147	16,988	9.1%	73,062	56.2%
<b>Expenditures</b>	<b>2,582,382</b>	<b>2,401,712</b>	<b>2,411,850</b>	<b>10,138</b>	0.4%	<b>(170,532)</b>	(6.6%)
Interest Payments	302,793	257,215	282,458	25,243	9.8%	(20,335)	(6.7%)
Allotment to LGUs	357,674	531,323	461,392	(69,931)	(13.2%)	103,718	29.0%
Tax Expenditures	6,499	18,741	13,126	(5,615)	(30.0%)	6,627	102.0%
Net Lending	14,607	11,567	12,193	626	5.4%	(2,414)	(16.5%)
Equity	1,093	695	179	(516)	(74.2%)	(914)	(83.6%)
Subsidy	145,685	52,745	63,701	10,956	20.8%	(81,984)	(56.3%)
Other NG Expenditure Accounts	1,754,031	1,529,426	1,578,801	49,375	3.2%	(175,230)	(10.0%)
<b>Deficit</b>	<b>(771,492)</b>	<b>(674,220)</b>	<b>(551,716)</b>	<b>122,504</b>	18.2%	<b>219,776</b>	28.5%

Note: Numbers may not tie-up with source file due to rounding.

Source: Bureau of Treasury

For the first semester of 2023 (January to June), the NG incurred a budget deficit of ₱551.716 billion, which is ₱122.504 billion or 18.2% lower than the ₱674.220 billion budget deficit incurred in the same period last year. The increase in revenues by ₱132.642 billion or 7.7%, offset by the slight increase in disbursements by ₱10.138 billion or 0.4%, contributed to the said contraction in the budget deficit year-on-year.

- In comparison to the program deficit of ₱771.492 billion for the same period, the actual deficit is lower by ₱219.776 billion or 28.5% due to excess revenues of ₱49.244 billion and underspending of ₱170.532 billion. The excess revenue can be attributed to the BOC's anti-smuggling operations and higher non-tax revenue earned from the Bond Sinking Fund (BSF) investment, dividend remittances, NG's share from PAGCOR profit, and interest income from NG deposits. Total cash disbursements also fell short of the target due to outstanding checks, lower-than-programmed interest payments, delay in the implementation of social protection programs, and billing concerns from suppliers/creditors.<sup>12</sup>

The budget deficit reported in 2022 of ₱1.614 trillion is also lower than the previous year's deficit of ₱1.670 trillion by ₱55.965 billion or 3.4%. This positive outcome is caused by higher revenue collection that even surpassed the 10.4% growth in disbursements.

<sup>12</sup> BTr Press Release (July 28, 2023). NG Budget Deficit Rises to P225.4 billion in June 2023.

Source: <https://www.treasury.gov.ph/?p=56696> (accessed on August 3, 2023)

- The actual budget deficit is 2.2% lower than the program deficit of ₱1.651 trillion. Revenue collections exceeded the target by ₱241.419 billion, but disbursements were also ₱205.045 billion over the target. The BOC's efforts to recover deficient duties and taxes, improve tax compliance, tariffs on rice imports, and public auctions of overstaying cargo led to excess tax revenues. Additionally, higher remittances of dividends on shares of stocks, income from BSF investments, and interest on NG deposits contributed to excess non-tax revenue. The higher disbursement over target is due to the faster execution of capital outlay projects amid the lowest COVID-19 alert level classification for most parts of the country, implementation of targeted subsidy programs to mitigate the impact of higher food and fuel prices, and payment of compensation and other benefits for COVID-19 healthcare workers in health facilities.<sup>13</sup>

## B. 2020 to 2024 NG Revenues and Disbursements

### 1. Revenues

For 2024, the NG projects to collect ₱4.273 trillion in total revenues, comprising ₱4.074 trillion (95.3%) in taxes and ₱198.979 billion (4.7%) in both non-tax revenues and proceeds from privatization. The projected total revenues for 2024 is ₱543.556 billion or 14.6% higher than the programmed total revenues of ₱3.729 trillion for 2023. This translates to a revenue effort of 16.1%, which is 0.9 percentage point higher than the 15.2% total revenue effort expected for 2023. It is worth highlighting that the projected total revenue effort for 2024 is the same as the actual total revenue effort in 2022 and at par with the pre-pandemic level of 16.1% in 2019.

**Table 33. NG Revenues, 2020-2024**  
(In Million Pesos)

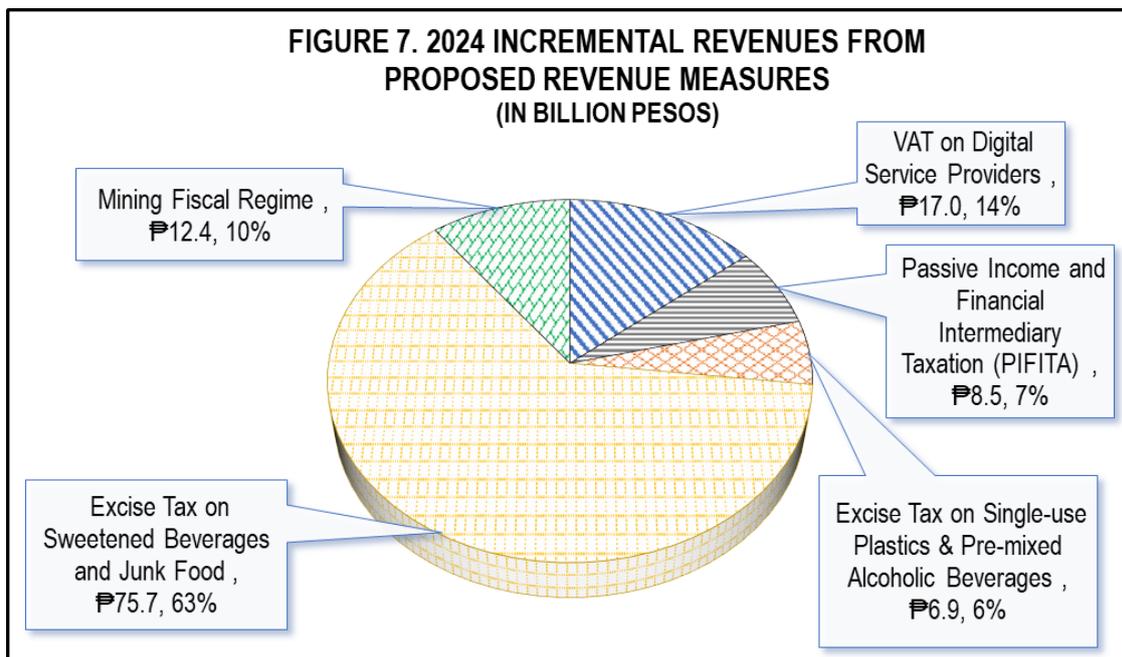
Particulars	2020	2021	2022	2023	2024	% Share 2024	2024 vs 2023	
	Actual	Actual	Actual	Program	Projected		Amount	%
<b>Total Revenues</b>	<b>2,855,959</b>	<b>3,005,540</b>	<b>3,545,505</b>	<b>3,729,003</b>	<b>4,272,559</b>	<b>100.0%</b>	<b>543,556</b>	<b>14.6%</b>
Tax Revenues	2,504,421	2,742,721	3,220,315	3,537,946	4,073,580	95.3%	535,634	15.1%
o.w. BIR	1,951,023	2,078,145	2,335,674	2,639,174	3,046,751	71.3%	407,577	15.4%
o.w. BOC	537,687	643,563	862,420	874,166	1,000,160	23.4%	125,994	14.4%
Non-Tax Revenues	351,063	262,496	323,544	190,557	198,479	4.6%	7,922	4.2%
Privatization	475	322	1,646	500	500	<0.1		
<b>As percentages of GDP:</b>								
Total Revenue Effort	15.9%	15.5%	16.1%	15.2%	16.1%			
Tax Revenue Effort	14.0%	14.1%	14.6%	14.4%	15.3%			
Non-Tax Revenue Effort	2.0%	1.4%	1.5%	0.8%	0.7%			
Privatization Effort (less than 1%)	0.0%	0.0%	0.0%	0.0%	0.0%			
Memo: Nominal GDP	17,951,574	19,410,614	22,024,515	24,522,123	26,604,654			

Source: 2022-2024 BESF

To support revenue growth for 2024, the NG will actively pursue several measures, such as the (i) passage of the Passive Income and Financial Intermediary Taxation Bill (Package 4 of the Comprehensive Tax Reform Program or CTRP); (ii) imposition of Value-Added Tax (VAT) on digital service providers; (iii) imposition of excise taxes on single-use

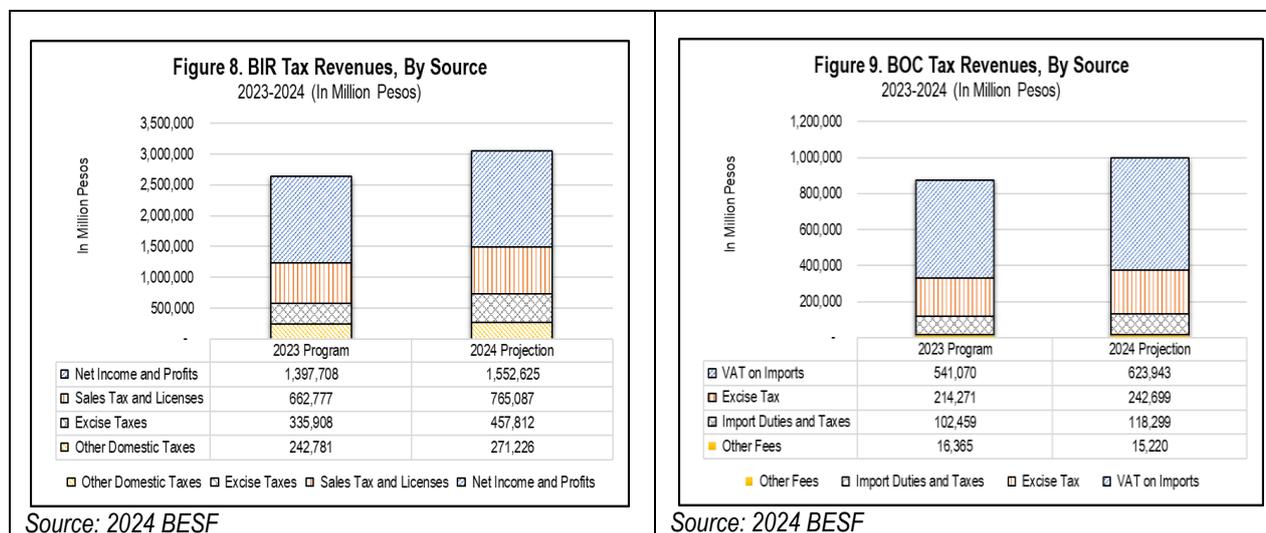
<sup>13</sup> BTr Press Release (February 28, 2023). Full-Year NG Budget Deficit Narrows to P1.6 Trillion in 2022. Source: <https://www.treasury.gov.ph/?p=52816> (accessed on August 3, 2023)

plastics and pre-mixed alcohol<sup>14</sup>; (iv) imposition of higher excise taxes on sweetened beverages (and junk food); and (v) reforms to the mining fiscal regime.<sup>15</sup> The proceeds from these proposed revenue measures are expected to reach ₱120.535 billion in 2024.



Source: 2024 BESF

For 2024, the BIR and BOC are tasked to collect taxes amounting to ₱3.047 trillion and ₱1.000 trillion, respectively. This corresponds to more than 99% of the total tax revenues. Figures 8 and 9 below show the comparative breakdown (by major tax type) of the BIR’s and BOC’s projected collections for 2023 and 2024.



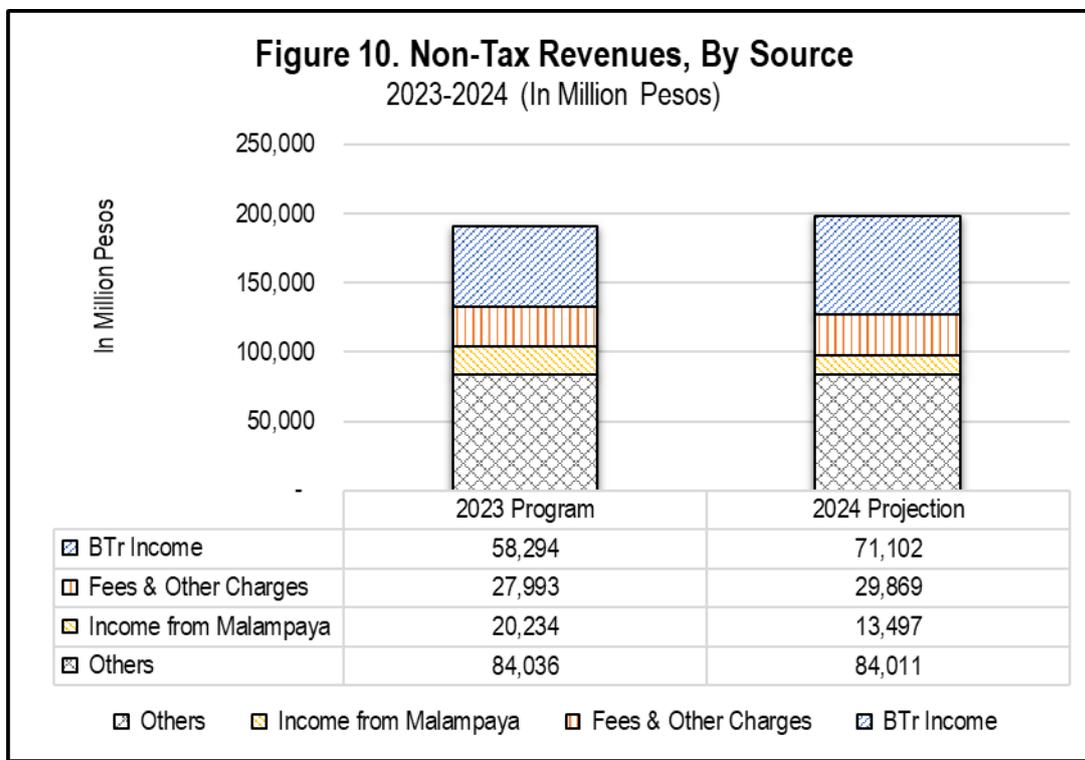
Source: 2024 BESF

Source: 2024 BESF

<sup>14</sup> 184<sup>th</sup> DBCC Meeting Joint Statement (April 24, 2023). Review of the Medium-Term Macroeconomic Assumptions and Fiscal Program for FYs 2023 to 2028. Source: <https://www.dbm.gov.ph/index.php/secretary-scorner/press-releases/list-of-pressreleases/2704-184th-dbcc-meeting-joint-statement> (accessed on August 4, 2023)

<sup>15</sup> DOF News & Views (April 24, 2023). DBCC expects revenues to reach P6.6-T in 2028, pursues additional tax measures. Source: <https://www.dof.gov.ph/dbcc-expects-revenues-to-reach-p6-6-t-in-2028-pursues-additional-tax-measures/> (accessed on August 5, 2023)

Meanwhile, the projected collections from non-tax revenues will be sourced from the BTr's income, i.e., income from treasury operations and NG income collected, including the share from Philippine Amusement and Gaming Corporation (PAGCOR) income and dividends on shares of stocks, fees and charges, income from Malampaya, and other non-tax collections, summarized in Figure 10 below.



Source: 2024 BESF

## 2. Disbursements

Although the total expenditure program for 2024 amounts to ₱5.768 trillion, the cash disbursement program will only amount to ₱5.629 trillion for the same year. The difference of ₱138.202 billion accounts for the estimated total amount of unpaid obligations as at the end of 2024 anticipated to be paid in the succeeding years, net of the prior years' obligations scheduled for payment in 2024.

The cash disbursement program for 2024 is ₱400.977 billion or 7.7% higher than the current year's level of ₱5.228 trillion. Despite this increase, the cash disbursement program as a percentage of GDP will be slightly lower at 21.2% compared to the adjusted level of 21.3% for 2023.

**Table 34. NG Disbursements, 2020-2024**

(In Million Pesos)

Particulars	2020	2021	2022	2023	2024	% Share 2024	2024 vs 2023	
	Actual	Actual	Actual	Program	Projected		Amount	%
<b>Total Disbursements</b>	<b>4,227,407</b>	<b>4,675,639</b>	<b>5,159,640</b>	<b>5,228,421</b>	<b>5,629,398</b>	<b>100.0%</b>	<b>400,977</b>	<b>7.7%</b>
Current Operating Expenditures	3,326,403	3,493,890	3,831,789	3,932,113	4,180,484	74.3%	248,371	6.3%
Personnel Services	1,178,504	1,288,613	1,380,617	1,449,962	1,665,302	29.6%	215,340	14.9%
MOOE	885,413	882,962	879,079	926,033	876,163	15.6%	(49,870)	-5.4%
Allotments to LGUs	619,986	671,406	829,040	716,426	761,747	13.5%	45,321	6.3%
Interest Payments	380,412	429,432	502,858	610,665	670,471	11.9%	59,806	9.8%
Subsidy	229,018	184,767	200,410	214,527	192,301	3.4%	(22,226)	-10.4%
Tax Expenditures	33,070	36,710	39,785	14,500	14,500	0.3%		
Capital Outlays	878,890	1,163,872	1,300,646	1,267,608	1,420,214	25.2%	152,606	12.0%
Infrastructure and Other COs	681,520	895,061	1,015,244	1,036,868	1,176,382	20.9%	139,514	13.5%
Capital Transfers to LGUs	184,560	221,291	274,244	228,329	242,333	4.3%	14,004	6.1%
Equity	12,810	47,520	11,158	2,411	1,499	<0.1%	(912)	-37.8%
Net Lending	22,114	17,877	27,205	28,700	28,700	0.5%		
<b>o.w. Infrastructure Disbursements</b>	<b>869,948</b>	<b>1,123,599</b>	<b>1,278,467</b>	<b>1,292,730</b>	<b>1,365,245</b>	<b>24.3%</b>		
<b>As percentages of GDP:</b>								
Total Disbursements	23.5%	24.1%	23.4%	21.3%	21.2%			
Current Operating Expenditures	18.5%	18.0%	17.4%	16.0%	15.7%			
o.w. Personnel Services	6.6%	6.6%	6.3%	5.9%	6.3%			
MOOE	4.9%	4.5%	4.0%	3.8%	3.3%			
Allotments to LGUs	3.5%	3.5%	3.8%	2.9%	2.9%			
Interest Payments	2.1%	2.2%	2.3%	2.5%	2.5%			
Capital Outlays	4.9%	6.0%	5.9%	5.2%	5.3%			
o.w. Infrastructure and Other COs	3.8%	4.6%	4.6%	4.2%	4.4%			
Capital Transfers to LGUs	1.0%	1.1%	1.2%	0.9%	0.9%			
Net Lending	0.1%	0.1%	0.1%	0.1%	0.1%			
<b>o.w. Infrastructure Disbursements</b>	<b>4.8%</b>	<b>5.8%</b>	<b>5.8%</b>	<b>5.3%</b>	<b>5.1%</b>			
Memo: Nominal GDP	17,951,574	19,410,614	22,024,515	24,522,123	26,604,654			

Source: 2022-2024 BESF

Note: Numbers may not tally with the source file due to rounding.

The data above shows that the total disbursements for 2024 will cover current operating expenditures amounting to ₱4.180 trillion (74.3%), and the balance will be spent for capital outlays and net lending amounting to ₱1.420 trillion (25.2%) and ₱28.700 billion (0.5%), respectively. Meanwhile, the aggregate disbursements for infrastructure program<sup>16</sup> is projected to reach ₱1.365 trillion.

- The disbursements for current operating expenditures will be spent on goods and services to be used or consumed during the budget year (i.e., PS and MOOE), including non-capital transfers to LGUs, subsidies to GOCCs, interest payments, and tax expenditures. The projected cash disbursements for current operating expenditures for 2024 is ₱248.371 billion or 6.3% higher than the current year's level of ₱3.932 trillion. The net increase may be attributed to the projected increase in disbursements for: (i) PS to fund the creation of additional positions in various government agencies,

<sup>16</sup> The aggregate disbursements for infrastructure program refers to the sum of NG disbursements for infrastructure projects (₱1.114 trillion), together with the support to GOCCs (₱43.431 billion) and transfers to LGUs (₱207.689 billion), which are intended for implementation of infrastructure projects.

compensation and other PS benefits, including compensation adjustment, payment for retirement gratuity and terminal leave; (ii) higher allotment to LGUs largely due to the increase in the NTA and the BARMM-Annual Block Grant; and (iii) higher interest payments mainly due to higher interest rates (on refinanced debt and floating-rate debt) and interest rates on new debt to finance the budget deficit.

- The disbursements for capital outlays will be used for infrastructure, other capital outlays, capital transfers to LGUs, and equity contributions to GOCCs. The projected cash disbursements for capital outlays for 2024 is ₱152.606 billion or 12.0% higher than the current year's level of ₱1.268 trillion, which may be due to the projected surge in infrastructure disbursements to support the Build Better More Program of the current Administration.
- For 2024, the disbursements for net lending, which represent NG advances for the servicing of government-guaranteed corporate debt, are projected to be at the same level as the current year's level of ₱28.700 billion.

### **C. 2020 to 2024 Budget Deficit Financing and Gross Borrowings**

The NG funds the budget deficit through borrowings. However, the NG borrows more than the financing requirement for the budget deficit to cover: (i) payment for principal amortization of maturing NG debts; and (ii) cash build-up (cash buffer) to meet unexpected fiscal uncertainties.

For 2024, total gross borrowings amount to ₱2.460 trillion. Of this amount, ₱1.357 trillion will cover the budget deficit for the same year and the balance will be used to pay the principal amortization of maturing NG debts and reserved as cash buffer (change in cash), which amount to ₱239.343 billion and ₱863.820 billion, respectively.

Out of the total gross borrowings of ₱2.460 trillion for 2024, ₱1.853 trillion will be locally sourced and the remaining ₱606.850 billion will be obtained from external (foreign) sources.

- The locally sourced (domestic) borrowings will come from treasury bills with a net amount of ₱51.050 billion (2.8%) and fixed-rate treasury bonds amounting to ₱1.802 trillion (97.2%). Treasury bills are short-term debt instruments, while treasury bonds are certificates of indebtedness with a maturity period of more than one year, both issued by the NG through the BTr.
- Meanwhile, the external borrowings will be sourced from program loans of ₱295.845 billion (48.8%), project loans of ₱36.005 billion (5.9%), and bonds and other inflows of ₱275.000 billion (45.3%). A program loan is a type of foreign loan intended for general budget support to finance cash requirements of the NG, the disbursement of which is based on compliance to programs, parameters, milestones, or conditions, as may be applicable, to be agreed upon between the NG and the development partner/lender. On the other hand, a project loan is a type of foreign loan intended to finance specific development projects, programs, or activities of the NG or its instrumentalities. The mechanism for the release or disbursement of this loan varies depending on the method of disbursement applied and negotiated between the NG and the development partner/lender. Bonds and other inflows represent global and other bonds issued to foreign creditors.

**Table 35. NG Budget Deficit Financing and Gross Borrowings, 2020-2024**

(In Million Pesos)

Particulars	2020 Actual	2021 Actual	2022 Actual	2023 Program	2024 Projected	2024 vs 2023	
						Amount	%
<b>A. Net Domestic Borrowings</b>	<b>1,894,321</b>	<b>1,920,699</b>	<b>1,576,802</b>	<b>1,650,144</b>	<b>1,851,630</b>	<b>201,486</b>	<b>12.2%</b>
Gross Domestic Borrowings	1,910,125	2,010,554	1,643,399	1,653,500	1,853,150	199,650	12.1%
<i>Treasury Bills (net)</i>	463,309	(153,336)	(385,782)	54,050	51,050	(3,000)	-5.6%
<i>Fixed Rate Treasury Bonds</i>	1,446,816	2,163,890	2,029,181	1,599,450	1,802,100	202,650	12.7%
Less: Net Amortization	15,804	89,855	66,597	3,356	1,520	(1,836)	-54.7%
<b>B. Net External (Foreign) Borrowings</b>	<b>600,759</b>	<b>331,481</b>	<b>389,602</b>	<b>434,912</b>	<b>369,027</b>	<b>(65,885)</b>	<b>-15.1%</b>
Gross External Borrowings	742,412	568,668	520,091	553,500	606,850	53,350	9.6%
<i>Program Loans</i>	375,198	166,102	136,604	279,180	295,845	16,665	6.0%
<i>Project Loans</i>	49,086	110,239	120,676	54,320	36,005	(18,315)	-33.7%
<i>Bonds and Other Inflows</i>	318,128	292,327	262,811	220,000	275,000	55,000	25.0%
Less: Amortization	141,653	237,187	130,489	118,588	237,823	119,235	100.5%
<b>Net Borrowings (A + B)</b>	<b>2,495,080</b>	<b>2,252,180</b>	<b>1,966,404</b>	<b>2,085,056</b>	<b>2,220,657</b>	<b>135,601</b>	<b>6.5%</b>
Less: Change in Cash	1,123,633	582,080	352,269	585,641	863,820	278,179	47.5%
<b>Total Budget Deficit Financing</b>	<b>1,371,447</b>	<b>1,670,100</b>	<b>1,614,135</b>	<b>1,499,415</b>	<b>1,356,837</b>	<b>(142,578)</b>	<b>-9.5%</b>
<b>Total Gross Borrowings</b>	<b>2,652,537</b>	<b>2,579,222</b>	<b>2,163,490</b>	<b>2,207,000</b>	<b>2,460,000</b>	<b>253,000</b>	<b>11.5%</b>

Source: 2022-2024 BESF

For the first semester of 2023, the NG borrowed a total of ₱1.423 trillion. This is 32.9% or ₱352.339 billion higher than the ₱1.071 trillion gross borrowings in the same period last year, but ₱280.667 billion or 16.5% lower than the program level of ₱1.704 trillion. Both borrowings from domestic and external sources reported increases in availment by ₱315.234 billion (42.5%) and ₱37.105 billion (11.3%), respectively.

- Of the ₱1.423 trillion billion gross borrowings, ₱551.716 billion was used to finance the budget deficit for the first semester, and the balance was used to pay the principal amortization of maturing debts amounting ₱96.310 billion and reserved ₱774.912 billion as a cash buffer (change in cash) for the same period.

**Table 36. Budget Deficit Financing & Gross Borrowings, January-June**  
(In Million Pesos)

Particulars	January to June						
	2023 Program	Actual		Variance			
		2022	2023	2023 vs 2022	% Change	2023 Actual vs Program	% Change
<b>A. Net Domestic Borrowings</b>	<b>1,318,701</b>	<b>740,175</b>	<b>1,024,235</b>	<b>284,060</b>	<b>38.4%</b>	<b>(294,466)</b>	<b>(22.3%)</b>
Gross Domestic Borrowings	1,319,601	741,263	1,056,497	315,234	42.5%	(263,104)	(19.9%)
<i>Treasury Bills (net)</i>	144,601	(251,918)	86,584	338,502	134.4%	(58,017)	(40.1%)
<i>Treasury Bonds</i>	1,175,000	993,181	969,913	(23,268)	(2.3%)	(205,087)	(17.5%)
Less: Net Amortization	900	1,088	32,262	31,174	2865.3%	31,362	3484.7%
<b>B. Net External (Foreign) Borrowings</b>	<b>318,310</b>	<b>281,573</b>	<b>302,393</b>	<b>20,820</b>	<b>7.4%</b>	<b>(15,917)</b>	<b>(5.0%)</b>
Gross External Borrowings	384,004	329,336	366,441	37,105	11.3%	(17,563)	(4.6%)
<i>Program Loans</i>	149,354	136,604	145,059	8,455	6.2%	(4,295)	(2.9%)
<i>Project Loans</i>	34,650	46,854	57,775	10,921	23.3%	23,125	66.7%
<i>Bonds and Other Inflows</i>	200,000	145,878	163,607	17,729	12.2%	(36,393)	(18.2%)
Less: Amortization	65,694	47,763	64,048	16,285	34.1%	(1,646)	(2.5%)
<b>Net Borrowings (A + B)</b>	<b>1,637,011</b>	<b>1,021,748</b>	<b>1,326,628</b>	<b>304,880</b>	<b>29.8%</b>	<b>(310,383)</b>	<b>(19.0%)</b>
Less: Change in Cash*	865,519	347,528	774,912	427,384	123.0%	(90,607)	(10.5%)
<b>Net Financing for Budget Deficit</b>	<b>771,492</b>	<b>674,220</b>	<b>551,716</b>	<b>(122,504)</b>	<b>(18.2%)</b>	<b>(219,776)</b>	<b>(28.5%)</b>
<b>Total Gross Borrowings</b>	<b>1,703,605</b>	<b>1,070,599</b>	<b>1,422,938</b>	<b>352,339</b>	<b>32.9%</b>	<b>(280,667)</b>	<b>(16.5%)</b>

Sources: BTr & \*staff estimates

Note: Difference of net borrowings from budget deficit is assumed as the change in cash.

In 2022, the gross borrowings amounted to ₱2.163 trillion, which is ₱415.732 billion (16.1%) lower than the ₱2.579 trillion level in 2021, and ₱48.287 billion lower than the program level of ₱2.212 trillion. The gross borrowings were used to fund the ₱1.614 trillion budget deficit and ₱197.086 billion net amortization of maturing government debts for the same year. The balance of ₱352.269 billion was reserved as a cash buffer.

**Table 37. Financing Mix, 2020-2024**

(In Percentages)

Particulars	2020 Actual	2021 Actual	2022 Actual	2023 Program	2024 Projected
<b>Financing Mix</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Domestic	72.0%	78.0%	76.0%	74.9%	75.3%
Foreign	28.0%	22.0%	24.0%	25.1%	24.7%

Source: 2022-2024 BESF

The table above shows that the NG has drawn majority of its financing from domestic sources rather than external sources to minimize its exposure to foreign exchange volatility and interest rate risks. Moreover, the NG will also explore other financing opportunities, such as Environmental, Social, and Governance (ESG) under the country's Sustainable Finance Framework (SFF)<sup>17</sup>.

<sup>17</sup> National Budget Memorandum No. 148 (May 12, 2023). FY 2024 Fiscal Projection. Source: <https://www.dbm.gov.ph/index.php/issuances/dbm-issuances/national-budget-memorandum/396-latest-issuances/national-budget-memorandum/national-budget-memorandum-2023/2733-national-budget-memorandum-no-148> (accessed on August 6, 2023)  
Note: Under the Sustainable Finance Framework (SFF), and any financing under SFF that may follow, the Republic of the Philippines

## D. 2018-2022 Incremental Revenue Collections from the CTRP

The Comprehensive Tax Reform Program (CTRP) of the Duterte Administration allowed the NG to collect a total amount of ₱710 billion in incremental revenues from 2018 to 2022. The collections from the implementation of the Tax Reform for Acceleration and Inclusion (TRAIN) Law<sup>18</sup>, the Sin Tax Reform Laws<sup>19</sup>, and the Tax Amnesty Law<sup>20</sup> reached ₱693.7 billion, ₱149.8 billion, and ₱14.9 billion, respectively. The incremental collections from these tax laws, however, were diminished by the reduced collections from corporate income tax (CIT) and percentage tax, among others, with an aggregate amount of ₱148.4 billion due to the implementation of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law<sup>21</sup>.

**Table 38. Net Incremental Revenues from CTRP, 2018-2022**

(In Billion Pesos)

Particulars	2018	2019	2020	2021	2022	Total (2018-2022)
<b>TRAIN Law (Package 1A)</b>	<b>68.4</b>	<b>130.7</b>	<b>107.2</b>	<b>171.0</b>	<b>216.4</b>	<b>693.7</b>
Excise tax collections with VAT on excise	137.4	192.2	177.5	189.6	214.1	910.8
Value added tax (VAT)	7.7	8.6	6.0	8.5	6.3	37.1
Personal Income Tax (PIT)	(111.7)	(104.2)	(114.1)	(77.1)	(51.1)	(458.2)
Others	35.0	34.1	37.8	50.0	47.1	204.0
<b>Tax Amnesty Law (Package 1B)</b>	<b>-</b>	<b>2.8</b>	<b>6.0</b>	<b>4.7</b>	<b>1.4</b>	<b>14.9</b>
Tax amnesty on delinquencies	-	2.0	4.8	1.1	-	7.9
Tax amnesty on estate	-	0.8	1.2	3.6	1.4	7.0
<b>Sin Tax Laws (Package P2+)</b>	<b>-</b>	<b>-</b>	<b>31.5</b>	<b>52.9</b>	<b>65.4</b>	<b>149.8</b>
Tobacco with VAT on excise	-	-	14.9	28.9	36.5	80.3
Alcohol with VAT on excise	-	-	17.3	25.9	31.8	75.0
E-cigarettes with VAT on excise	-	-	0.2	0.3	0.6	1.1
VAT exemption on medicines	-	-	(0.9)	(2.2)	(3.5)	(6.6)
<b>CREATE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(68.0)</b>	<b>(80.4)</b>	<b>(148.4)</b>
Reduction in CIT rates and others	-	-	-	(51.1)	(59.2)	(110.3)
Percentage tax	-	-	-	(16.9)	(21.2)	(38.1)
<b>Grand total</b>	<b>68.4</b>	<b>133.5</b>	<b>144.7</b>	<b>160.6</b>	<b>202.8</b>	<b>710.0</b>

Source: DOF

Note: Numbers may not tally with the source file due to rounding.

intends to contribute to the development of the Sustainable Financing market domestically in the Philippines. The SFF lays out the process that will be used to ensure transparency and disclosure of the use of proceeds, as well as the expected environmental and social impact of eligible green and social projects, in keeping with international best practices.

DOF News & Events (January 13, 2022). The Republic of the Philippines Launches Inaugural Sustainable Finance Framework. Source: <https://www.dof.gov.ph/the-republic-of-the-philippines-launches-inaugural-sustainable-finance-framework/> (accessed on August 6, 2023)

<sup>18</sup> Republic Act (RA) 10963 which was passed into law on December 19, 2017

<sup>19</sup> RA 11346 and RA 11467 which were enacted into law on 25 July 2019 and 22 January 2020, respectively

<sup>20</sup> RA 11213 was enacted into law on February 14, 2019

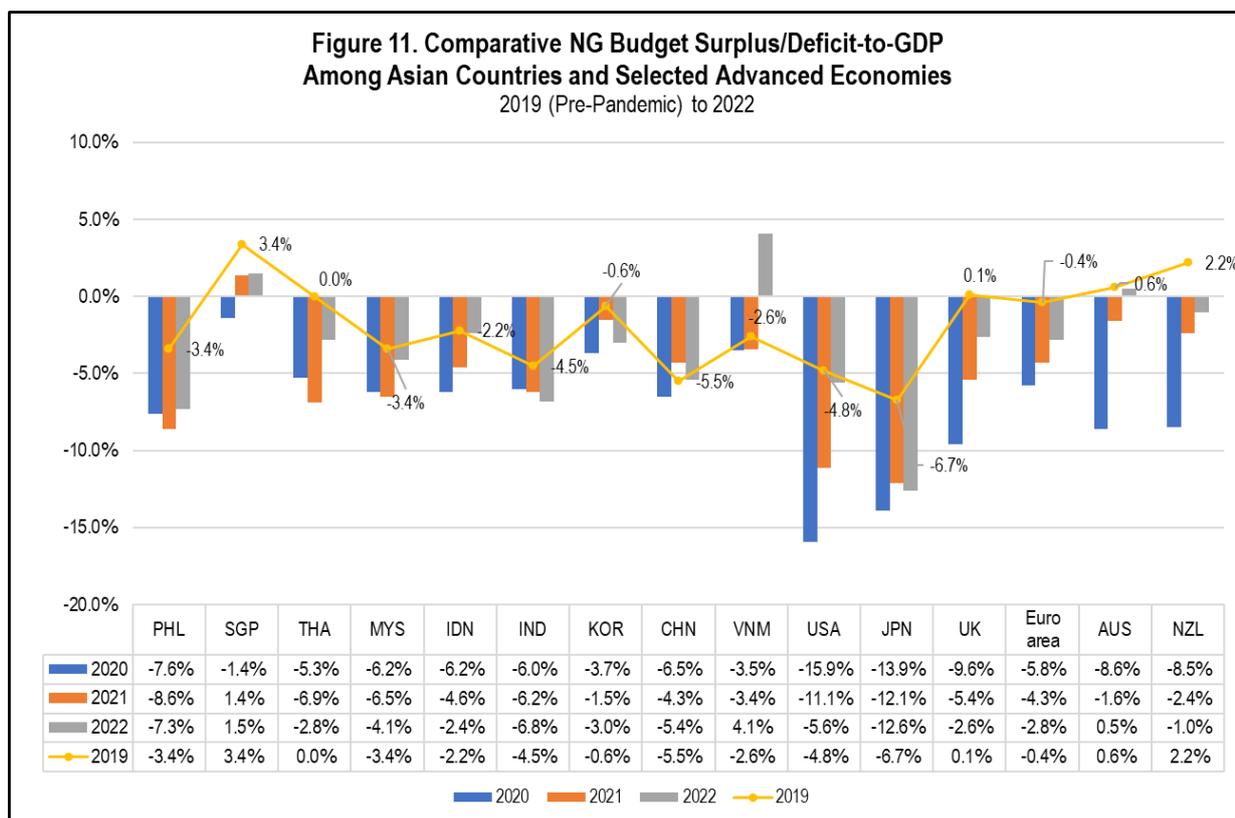
<sup>21</sup> RA 11534 which was signed into law on March 26, 2021

## E. Comparative NG Budget Surplus/Deficit-to-GDP among select Asian Countries and Advanced Economies

Figure 11 shows the budget surplus/deficit-to-GDP ratio of select Asian countries and advanced economies. The linear graph represents the levels before the pandemic in 2019, while the bar graphs show the levels from 2020 to 2022.

The data reveals that compared to the levels in 2020 and 2021, the fiscal positions of almost all the select countries have improved in 2022. However, they are still lower than their pre-pandemic levels in 2019. Only China's budget deficit-to-GDP of 5.4% and Vietnam's budget surplus-to-GDP of 4.1% have exceeded their pre-pandemic budget deficit-to GDP levels of 5.5% and 2.6%, respectively. It is worth noting that China's budget deficit-to-GDP of 4.3% in 2021 had already exceeded its pre-pandemic level.

For the Philippines, the budget deficit-to-GDP of 7.3% in 2022 is broader than its pre-pandemic level of 3.4%. However, the NG aims to have the country's budget deficit-to-GDP revert to, and even exceed, its pre-pandemic level by the end of 2027 at 3.2%, and further reduced to 3.0% by the end of 2028.



Source: Bangko Sentral ng Pilipinas

## IV. Consolidated Public Sector Financial Position

The consolidated public sector financial position (CPSFP) sums up the over-all financial position of the national government, the 14 monitored government corporations, government financial institutions (GFIs), LGUs, the social security institutions (SSIs), and the BSP.

According to the International Monetary Fund (IMF), as a rule, fiscal policy should be assessed for policy purposes based on general government plus public corporations (whether

financial or nonfinancial) that pose a significant risk to public finances. Given that any public corporation, financial and nonfinancial, is a potential source of fiscal risk, the operations of all public corporations should be reported and monitored. This will improve transparency and accountability and also help identify any emerging problems.<sup>22</sup>

**Table 39. Consolidated Public Sector Financial Position, 2020-2024**  
(In Million Pesos)

Particulars	2020	2021	2022	2023	2024	2024 vs. 2023	
	Actual	Actual	Actual	Adjusted	Projected	Amount	% Change
<b>Public Sector Borrowing Requirement</b>	<b>(1,350,800)</b>	<b>(1,616,420)</b>	<b>(1,556,648)</b>	<b>(1,467,236)</b>	<b>(1,349,659)</b>	<b>117,577</b>	<b>8.0%</b>
National Government	(1,371,447)	(1,670,100)	(1,614,135)	(1,499,415)	(1,356,837)	142,578	9.5%
Monitored Non-Financial Government Corporations	(1,467)	37,240	31,864	20,319	7,471	(12,848)	-63.2%
Adjustment in Net Lending and Equity to GOCCs	22,114	16,440	25,623	11,860	(293)	(12,153)	-102.5%
<b>Other Public Sector</b>	<b>374,385</b>	<b>524,385</b>	<b>726,656</b>	<b>454,547</b>	<b>459,282</b>	<b>4,735</b>	<b>1.0%</b>
SSS/GSIS/PHIC	84,092	190,550	209,401	177,465	236,839	59,374	33.5%
Bangko Sentral ng Pilipinas	(7,873)	19,768	46,403	1,000	1,000		
Government Financial Institutions	25,901	29,461	42,231	43,572	47,448	3,876	8.9%
Local Government Units	272,265	284,606	428,621	232,510	173,995	(58,515)	-25.2%
<b>Consolidated Public Sector Financial Position</b>	<b>(976,415)</b>	<b>(1,092,035)</b>	<b>(829,992)</b>	<b>(1,012,689)</b>	<b>(890,377)</b>	<b>122,312</b>	<b>12.1%</b>
<b>As percentages of GDP:</b>							
<i>Public Sector Borrowing Requirement</i>	<i>-7.5%</i>	<i>-8.3%</i>	<i>-7.1%</i>	<i>-6.0%</i>	<i>-5.1%</i>		
<i>National Government</i>	<i>-7.6%</i>	<i>-8.6%</i>	<i>-7.3%</i>	<i>-6.1%</i>	<i>-5.1%</i>		
<i>Monitored Non-Financial Government Corporations</i>	<i>0.0%</i>	<i>0.2%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.0%</i>		
<i>Adjustment in Net Lending and Equity to GOCCs</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.0%</i>	<i>0.0%</i>		
<i>Other Public Sector</i>	<i>2.1%</i>	<i>2.7%</i>	<i>3.3%</i>	<i>1.9%</i>	<i>1.7%</i>		
<i>SSS/GSIS/PHIC</i>	<i>0.5%</i>	<i>1.0%</i>	<i>1.0%</i>	<i>0.7%</i>	<i>0.9%</i>		
<i>Bangko Sentral ng Pilipinas</i>	<i>0.0%</i>	<i>0.1%</i>	<i>0.2%</i>	<i>0.0%</i>	<i>0.0%</i>		
<i>Government Financial Institutions</i>	<i>0.1%</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.2%</i>		
<i>Local Government Units</i>	<i>1.5%</i>	<i>1.5%</i>	<i>1.9%</i>	<i>0.9%</i>	<i>0.7%</i>		
<i>Consolidated Public Sector Financial Position</i>	<i>-5.4%</i>	<i>-5.6%</i>	<i>-3.8%</i>	<i>-4.1%</i>	<i>-3.3%</i>		
<i>Note: Total amounts may not tie-up with source file due to rounding.</i>							
<i>Memo: GDP Nominal</i>	17,951,574	19,410,614	22,024,515	24,522,123	26,604,654		

Source: 2022-2024 BESF

For the Philippines, the NG estimates that the consolidated public sector deficit (CPSD) will decline from ₱1.013 trillion this year to ₱890.377 billion in 2024 due to a much lower NG budget deficit of ₱1.357 trillion. This year's NG budget deficit is estimated at ₱1.499 trillion or 6.1% of GDP. In addition, the consistent positive performance of the LGUs, the GFIs, and the SSIs also contributed to lowering the CPSD.

The government aims to gradually reduce the CPSD to GDP ratio from 4.1% in 2023 to 3.3% in 2024, which is below the actual level of 3.8% in 2022.

## V. Debt Service

The total proposed national government debt service expenditures for 2024 amounts to ₱1.912 trillion, with ₱670.471 billion allocated for interest expense and ₱1.241 trillion for principal loan amortization. This figure represents an increase of ₱359.632 billion or 23.2% compared to the current year's revised program of ₱1.552 trillion, as indicated in the table below. This year's debt service expenditure is expected to be ₱258.837 billion or 20.0% higher than the previous year's debt service expenditures of ₱1.293 trillion.

<sup>22</sup> IMF eLIBRARY. II. How Should the Fiscal Position Be Assessed? Source: <https://www.elibrary.imf.org/display/book/9781589065130/ch02.xml> (accessed on August 8, 2023)

Out of the total debt service expenditure of ₱1.912 trillion in 2024, ₱1.474 trillion or 77.1% will be paid to domestic creditors, and ₱437.612 billion or 22.9% will be paid to foreign creditors.

**Table 40. NG Debt Service Expenditures, 2022-2024**

(In Million Pesos)

Particulars	2022 Actual	2023 Program	2024 Projection	2024 vs. 2023	
				Amount	%
<b>Interest Payments</b>	<b><u>502,858</u></b>	<b><u>610,665</u></b>	<b><u>670,471</u></b>	59,806	9.8
Domestic	383,452	423,573	470,682	47,109	11.1
Foreign	119,406	187,092	199,789	12,697	6.8
<b>Principal Amortization</b>	<b><u>790,323</u></b>	<b><u>941,353</u></b>	<b><u>1,241,179</u></b>	299,826	31.9
Domestic	659,834	822,765	1,003,356	180,591	21.9
Foreign	130,489	118,588	237,823	119,235	100.5
<b>Total</b>	<b><u>1,293,181</u></b>	<b><u>1,552,018</u></b>	<b><u>1,911,650</u></b>	359,632	23.2
Domestic	1,043,286	1,246,337	1,474,038	227,701	18.3
Foreign	249,895	305,680	437,612	131,932	43.2

Source: 2024 BESF

Note: Numbers may not add up due to rounding.

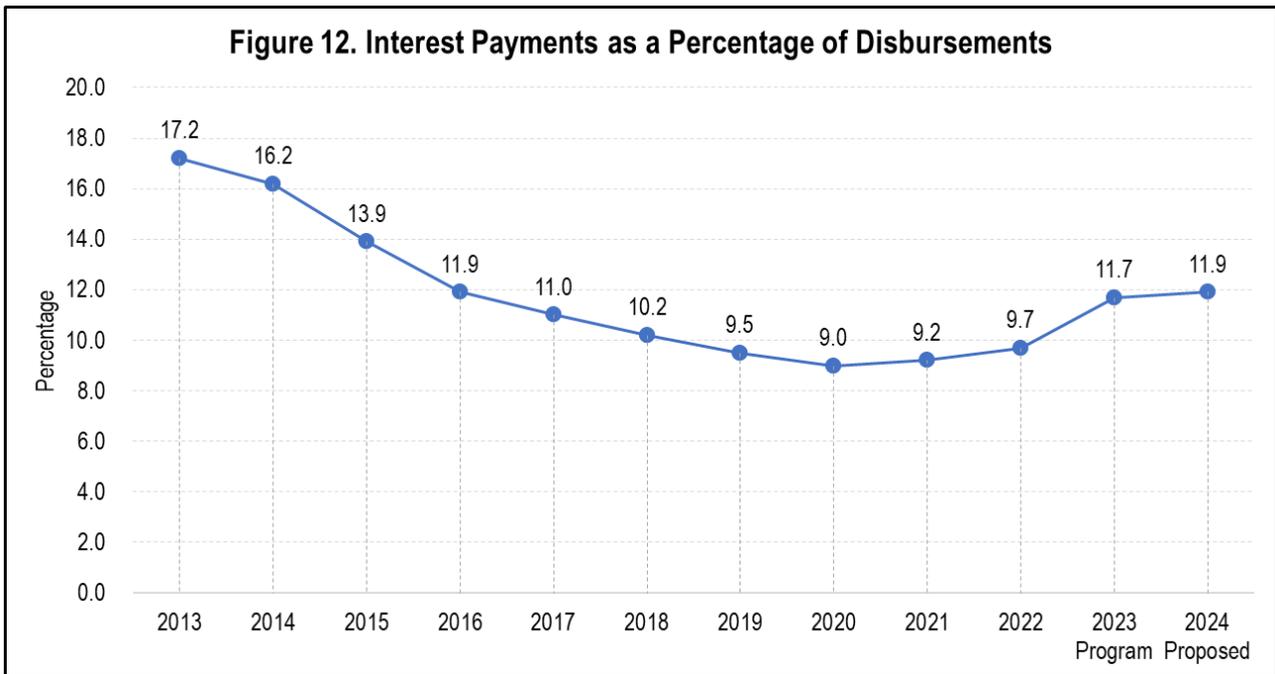
## A. Interest Payments

For 2024, spending for interest expenses is projected at ₱670.471 billion. This reflects a growth of ₱59.806 billion or 9.8% compared to this year's projection of ₱610.665 billion. In 2022, interest payments amounted to ₱502.858 billion, which is ₱107.807 billion or 21.4% lower than the current year's level.

As of the end of June 2023, interest payments amounted to ₱282.458 billion or 46.3% of the full-year program.

### 1. Interest Payment from 2013-2024

As a percentage of disbursements, interest payments dipped from 17.2% in 2013 to 9.0% in 2020, the lowest point in a period of ten years (as shown in Figure 12), despite a 5.4% increase in interest payments. This happened because of an 11.3% upsurge in total disbursements in 2020 to address the pressing public health emergency brought on by the Covid-19 pandemic. However, the ratio began to increase again in 2021, reaching 9.2% followed by 9.7% in 2022. Future projections indicate a further increase to 11.7% and 11.9% in 2023 and 2024, respectively.



Source: 2024 BESF and Bureau of the Treasury

## B. Principal Loan Amortization

Principal loan amortization is categorized as an off-budget item, which means that it is not included in NG total expenditure program. The government projects a substantial growth of ₱299.826 billion or 31.9% in principal amortization from ₱941.353 billion in 2023 to ₱1.241 trillion in 2024.

- Out of the ₱1.241 trillion principal amortization for the coming year, ₱1.002 trillion of the principal amortization will be serviced out of the Bond Sinking Fund, while the balance will be paid through borrowings.

The principal amortization for the current year is ₱941.353 billion, which is higher than the amount in 2022 of ₱790.323 billion, by ₱151.030 billion or 19.1%. As of the end of June 2023, the total principal loan amortization amounted to ₱625.469 billion or 66.4% of the full-year target of ₱941.353 billion.

## VI. Debt Stock

The total outstanding debt projected for 2024 amounts to ₱15.842 trillion, marking a notable increase of ₱1.219 trillion or 8.3% compared to the current year amount of ₱14.623 trillion. Out of this amount, ₱10.889 trillion or 68.7% is domestic debt while ₱4.953 trillion or 31.3% is foreign debt as shown in Table 41.

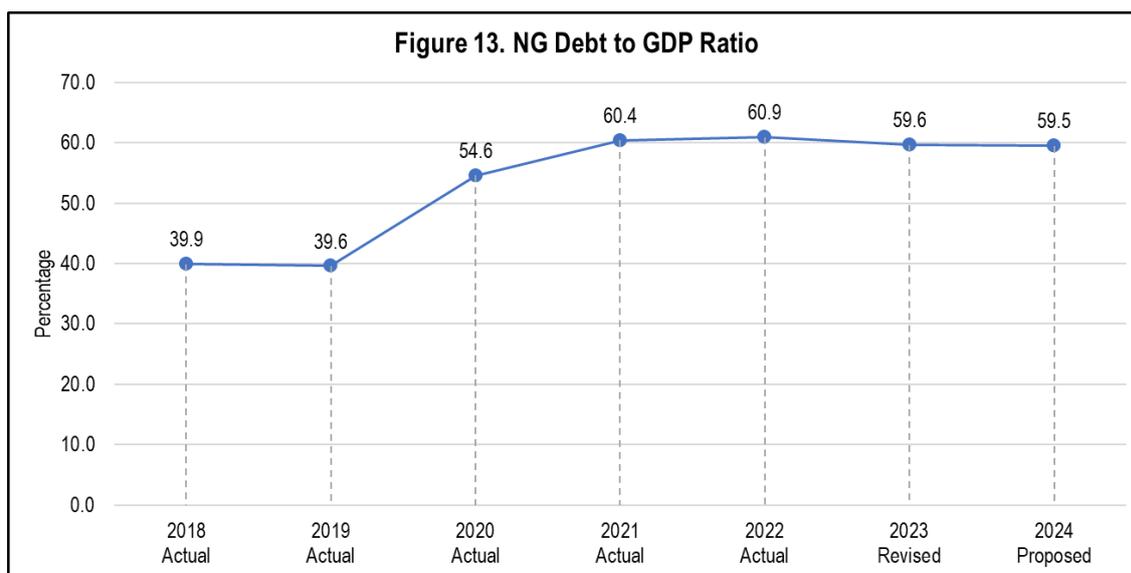
- The total domestic debt is projected to increase by ₱849.794 billion or 8.5%, reaching ₱10.889 trillion in 2024, up from ₱10.039 trillion in 2023. Similarly, the total foreign debt is also expected to grow by 8.1% or ₱369.026 billion from ₱4.584 trillion in the current year to ₱4.953 trillion in 2024.

**Table 41. NG Outstanding Debt, 2022-2024**  
(In Million Pesos)

Particulars	2022 Actual	2023 Program	2024 Projection	2024 vs. 2023	
				Amount	% Change
Domestic					
Regular Accounts	9,208,387	10,039,122	10,888,916	849,794	8.5
Foreign					
Regular Accounts	4,210,473	4,583,904	4,952,930	369,026	8.1
Total					
Regular Accounts	<u>13,418,860</u>	<u>14,623,026</u>	<u>15,841,846</u>	<u>1,218,820</u>	8.3

Source: 2024 BESF

As the country experienced the COVID-19 pandemic, the NG incurred revenue losses due to lockdowns. To stimulate the economy, the NG had to borrow more to fund social services and infrastructure spending which caused a significant increase in the national debt-to-GDP ratio from 39.6% to 54.6% in 2020. By the end of 2022, the debt-to-GDP ratio had expanded further to 60.9%. However, as the economy recovers, the ratio is expected to drop slightly to 59.6%, and 59.5% by the end of 2023 and 2024, respectively. Pursuing this trend, the MTFE target ratio of less than 60.0% NG debt-to-GDP ratio by 2025 is achievable but still higher than the pre-pandemic level of less than 40%.



Source: 2024 BESF and Bureau of Treasury

### A. Composition of Total Outstanding Debts

The government has favored domestic creditors over foreign lenders to lessen the potential risks arising from foreign exchange fluctuations. The government intends to continue this practice in 2024, maintaining a debt mix ratio of 69:31 in favor of domestic debts.

- The total domestic debt is projected to reach ₱10.889 trillion in the coming year, with Fixed Rate Treasury Bonds making up the largest portion, amounting to ₱5.662 trillion, or equivalent to 52.0%. Retail Treasury Bonds will constitute ₱2.846 trillion or 26.1% of the domestic debt, while Benchmark Bonds will account for ₱1.717 trillion, representing 15.8% of the overall domestic debt.

**Table 42. Details of Domestic Debt, 2022-2024**

(In Million Pesos)

Particulars	2022 Actual	2023 Program	2024 Projection	2024 vs. 2023	
				Amount	% Change
Outstanding Domestic Debt	9,208,387	10,039,122	10,888,916	849,794	8.5
Regular Liabilities	9,208,387	10,039,122	10,888,916	849,794	8.5
Treasury Bills	410,361	464,411	515,461	51,050	11.0
Fixed Rate Treasury Bonds	4,165,067	4,997,527	5,662,347	664,820	13.3
Benchmark Bonds	1,089,748	1,186,748	1,717,271	530,524	44.7
Retail Treasury Bonds	3,370,077	3,245,360	2,846,122	(399,238)	(12.3)
Retail Dollar Bonds	88,938	88,938	88,938		
Onshore Dollar Bonds	27,907				
Agrarian Reform Bonds	6,133	5,982	8,621	2,639	44.1
CB-BoL (T/Bonds)	50,000	50,000	50,000		
Backpay Obligations, RA 304	79	79	79	< 1	(0.1)
Backpay Obligations, RA 897	48	48	48	< 1	(0.2)
Guerilla Currency Notes, RA 369	29	29	29	< 1	(0.2)

Source: 2024 BESF

Note: Numbers may not add up due to rounding.

- By the end of 2024, the total foreign debt is expected to amount to ₱4.953 trillion. The succeeding table shows the breakdown of the outstanding foreign debt for 2022 to 2024.

**Table 43. Outstanding Foreign Debt, 2020-2024**

(In Thousand US Dollars)

Particulars	2022 Actual	2023 Program	2024 Projection	2024 vs. 2023	
				Amount	% Change
Outstanding Foreign Debt	75,190,618	83,906,378	94,549,393	10,643,015	12.7
Asian Development Bank (ADB)	13,421,771	14,476,188	16,307,994	1,831,806	12.7
International Bank for Reconstruction and Development (IBRD)	10,506,732	12,782,315	14,120,430	1,338,115	10.5
Asian Infrastructure Investment Bank (AIIB)	1,068,357	2,229,925	3,471,658	1,241,733	55.7
International Development Association (IDA)	13,686	11,213	8,881	(2,332)	(20.8)
International Fund for Agricultural Development (IFAD)	113,616	107,415	98,737	(8,678)	(8.1)
Agence Francaise De Developpement (AFD)	871,385	1,010,403	1,301,067	290,664	28.8
French Protocol	5,148	3,003	2,051	(952)	(31.7)
Japan International Cooperation Agency (JICA)	6,445,620	6,460,165	7,841,195	1,381,030	21.4
The Export-Import Bank of China	209,895	193,334	265,166	71,832	37.2
The Export-Import Bank of Korea	521,285	532,437	682,425	149,988	28.2
Public Law 480	72,186	66,698	65,642	(1,056)	(1.6)
US Agency for International Development (USAID)	652	112	24	(88)	(78.6)
Other External Creditors	240,926	213,724	186,327	(27,397)	(12.8)
Debt Securities	41,699,359	45,819,446	50,197,796	4,378,350	9.6

Source: 2024 BESF

Note: Numbers may not add up due to rounding.

The surge in outstanding foreign debts can be attributed to additional borrowings obtained from various international creditors. Notably, the Asian Development Bank (ADB), International Bank for Reconstruction and Development (IBRD), Asian Infrastructure Investment Bank (AIIB), Japan International Cooperation Agency (JICA), and other external creditors have extended loans to support ongoing programs and projects. Furthermore, these debts will also cover financing for proposed initiatives, such as the Build Universal Health Care (BUHC) Subprogram 2 (ADB and AIIB loan), Domestic Resource Mobilization Subprogram 1 (ADB loan), Expanded Social Assistance Program Additional Financing (ADB

loan), Climate Change Action Program (ADB loan), Post-COVID-19 Business and Employment Subprogram 2 (ADB loan), Philippine Second Sustainable Recovery Development Policy Loan Program 2 (IBRD and AIIB loan), Domestic Resource Mobilization Program 1 (AIIB loan), Philippine Digital Transformation Development Policy Loan Program 2 (AIIB loan), North-South Commuter Railway 2 (JICA loan), Metro Manila Subway Project 267 (JICA loan), among other endeavors.

- Additionally, the projection indicates a rise in borrowings for budgetary support under debt securities, amounting to an increase of \$4.378 billion. This upward trend is a result of the government's initiatives to secure funding for its budgetary requirements and development plans.
- As of the end of June 2023, the national government's total outstanding debt is ₱14.148 trillion, with ₱9.703 trillion (68.6%) attributed to domestic debt and ₱4.445 trillion (31.4%)<sup>23</sup> to foreign debt. In the first quarter of 2023, the national government's outstanding debt was ₱13.857 trillion, resulting in a debt-to-GDP ratio of 61.0%.<sup>24</sup>

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<sup>23</sup> Lifted from the National Government Outstanding Debt downloaded on August 2, 2023 from the BTr. Website, [www.btr.gov.ph](http://www.btr.gov.ph)

<sup>24</sup> GDP, ₱22.698 trillion, BTr's NG Debt Indicators.

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