
**THE PROPOSED FY 2025 NATIONAL
EXPENDITURE PROGRAM: ITS COMPOSITION,
DISTRIBUTION, AND FINANCING**

A Technical Report on the FY 2025 National Budget

LEGISLATIVE BUDGET RESEARCH AND MONITORING OFFICE

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Table of Contents

I. MACROECONOMIC ASSUMPTIONS	2
A. ECONOMIC GROWTH RATES	3
B. POVERTY	4
C. INFLATION RATE	4
D. 364-DAY T-BILL RATE AND 6-MONTH SOFR	5
E. EXCHANGE RATE, DUBAI CRUDE OIL PRICE, AND GROSS INTERNATIONAL RESERVES	6
F. IMPORTS AND EXPORTS OF GOODS, AND CURRENT ACCOUNT BALANCE	6
G. UNEMPLOYMENT RATE	6
II. THE 2025 NATIONAL EXPENDITURE PROGRAM	7
A. DIMENSIONS OF THE 2025 BUDGET	8
1. <i>By Source of Appropriations</i>	8
2. <i>By Expense Class</i>	10
3. <i>By Cost Structure</i>	12
4. <i>By Sector</i>	13
5. <i>By Recipient Unit</i>	15
6. <i>By Regional Allocation</i>	16
7. <i>Top 10 Departments</i>	17
8. <i>Off-Budget Accounts</i>	21
III. NATIONAL GOVERNMENT FISCAL PROGRAM	21
A. 2024 TO 2025 FISCAL PROGRAM	21
B. 2023 TO 2024 (FIRST SEMESTER) FISCAL PERFORMANCE	23
IV. CONSOLIDATED PUBLIC SECTOR FINANCIAL POSITION	25
V. DEBT SERVICE	27
A. INTEREST PAYMENTS	27
1. <i>Interest Payment from 2014-2025</i>	27
B. PRINCIPAL LOAN AMORTIZATION	28
VI. DEBT STOCK	28
A. COMPOSITION OF TOTAL OUTSTANDING DEBTS	30
ANNEX:	
A. Comparative Total Expenditure Program, FYs 2024-2025	i

I. Macroeconomic Assumptions

The national government's 2025 budget was formulated on the macroeconomic projections provided by the Development Budget Coordination Committee (DBCC). These projections are instrumental for policymakers to devise a fiscal plan that is responsive to anticipated shifts in both local and global economic landscapes, which are crucial for the nation's economic health. The principal assumptions that guided the creation of the 2025 budget are concisely summarized in Table 1.

Table 1. Macroeconomic Assumptions

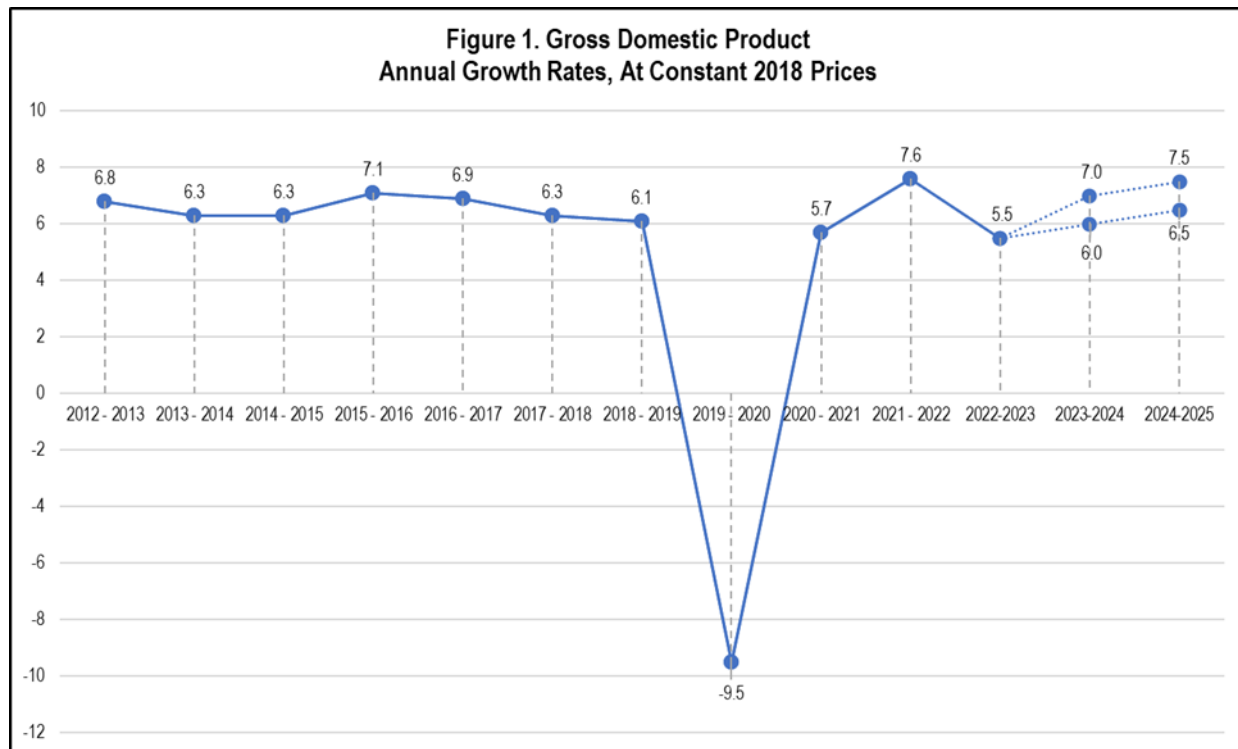
Particulars	2023 Adjusted (2024 BESF)	2023 Actual (2025 BESF)	2024 Projections (2024 BESF)	2024 Adjusted (2025 BESF)	2025 Projections (2025 BESF)
Nominal Gross National Income (GNI) (in PhP Million)					
low	26,230,431	26,989,325	28,466,675	29,667,299	32,327,791
high	26,460,769		29,093,870	29,916,002	32,871,514
Real GNI Growth (%)	7.5-8.4	10.5	6.4-7.8	7.4-8.3	6.4-7.3
Nominal Gross Domestic Product (GDP) (in PhP Million)					
low	24,415,835	24,318,611	26,518,393	26,362,436	28,749,818
high	24,646,173		27,145,588	26,611,138	29,293,541
Real GDP Growth (%)	6.0-7.0	5.5	6.5-8.0	6.0-7.0	6.5-7.5
Inflation Rate (%), CPI (2018=100)		6.0			
target	2.0-4.0		2.0-4.0	2.0-4.0	2.0-4.0
forecast	5.0-6.0		2.0-4.0	3.0-4.0	2.0-4.0
Population (in Millions)	112.9	111.9	114.2	112.9	113.9
Unemployment Rate (%)	5.3-6.4	4.6	4.4-4.7	4.4-4.7	4.8-5.1
364-Day Treasury Bill Rate (%)	5.5-6.5	6.0	4.0-5.5	5.5-6.5	4.5-5.5
Foreign Exchange Rate (PhP/US\$)	54-57	55.63	53-57	56-58	55-58
Secured Overnight Financing Rate (SOFR) 6-months (%)	4.0-5.0	5.2	3.5-4.5	4.5-5.5	3.5-4.5
Dubai Crude Oil Price (US\$/barrel)	70-90	81.98	70-90	70-85	65-85
Exports of Goods					
Level (in US\$ Billion)	58.0	55.3	61.5	58.1	61.6
Growth Rate (%)	1.0	-4.1	6.0	5.0	6.0
Imports of Goods					
Level (in US\$ Billion)	129.4	121.1	139.7	123.5	129.7
Growth Rate (%)	2.0	-5.0	8.0	2.0	5.0
Current Account Balance					
Level (in US\$ Billion)	-15.1	-11.2	-15.4	-4.7	-2.0
Percent of GDP	-3.4	-2.6	-3.2	-1.0	-0.4
Gross International Reserves (Year-End)					
Level (in US\$ Billion)	100.0	103.8	102.0	104.0	105.0
Equivalent Months of Imports of Goods, Services and Income	7.2	7.7	6.8	7.4	7.2

Sources: 2024 and 2025 Budget of Expenditures and Sources of Financing

A. Economic Growth Rates

The DBCC forecasts a rise in the Nominal Gross National Income (GNI) by 9.0% to 9.9% for the year 2025. This anticipated increase, however, falls short of the revised expectations for 2024, which predict a growth range of 9.9% to 10.8%.¹

The DBCC projects an increase in the nation's nominal Gross Domestic Product (GDP), anticipating a rise of 8.4% to 9.4% for the year 2024, and a further increase of 9.1% to 10.1% in 2025. In terms of real GDP, which adjusts for inflation, the forecasted economic growth is 6.0% to 7.0% in 2024, and 6.5% to 7.5% in 2025.



Source: Philippine Statistics Authority

GDP per capita, calculated by dividing the total GDP by the population number, serves as an approximate indicator of the average economic well-being of a nation's residents. Based on the DBCC's projections, the real GDP per capita is poised for a growth of 5.1% to 6.1% in 2024, and 5.6% to 6.6% in 2025. According to the World Bank's data, the country's nominal GDP per capita was recorded at US\$3,725.6 in 2023.

1. Q1 2024 Economic Performance

In the first quarter of 2024, the Philippines experienced a robust economic upturn, with the GDP climbing by 5.7% compared to the previous year. This growth was largely driven by significant expansions in financial and insurance activities, which surged by 10.0%, followed by a 6.4% increase in wholesale and retail trade, as well as motor vehicle and motorcycle repairs, and a 4.5% boost in manufacturing.

¹World Bank figures show that the nation's GNI per capita, calculated using the Atlas method in current US dollars, stood at US\$4,230 in 2023, marking a 7.1% growth from the US\$3,950 recorded in 2022. The Medium-Term Fiscal Framework (MTFF) targets a GNI per capita of US\$4,256, a benchmark set to elevate the country to upper-middle-income status. Furthermore, projections for Real GNI suggest an upward trend, with increases of 7.4% to 8.3% in 2024 and 6.4% to 7.3% in 2025.

On the supply side, all the economic sectors reported positive growth during this period. Agriculture, forestry, and fishing (AFF) saw a modest rise of 0.4%, Industry grew by 5.1%, and the Services sector led with a 6.9% increase.

The demand side also showed positive trends, with Household Final Consumption Expenditure (HFCE) expanding by 4.6%. Additionally, there were notable increases across other key economic indicators: Government Final Consumption Expenditure (GFCE) rose by 1.7%, Gross capital formation by 1.3%, Exports of goods and services by an impressive 7.5%, and Imports of goods and services by 2.3%.

The GNI demonstrated a remarkable year-on-year growth of 9.7% in the first quarter, while the Net Primary Income (NPI) from the rest of the world skyrocketed by 57.0%, indicating a strong international economic engagement. These figures collectively reflect the dynamic and growing strength of the Philippine economy at the start of 2024.

B. Poverty

The preliminary findings from the Family Income and Expenditure Survey (FIES)² reveal that in 2023, 10.9% of families, or about 3 million, were living below the poverty line. Individually, this translates to 15.5% of Filipinos, or approximately 17.54 million people, being classified as poor. Furthermore, 2.7% of families, or around 740 thousand, did not earn enough to afford their fundamental food requirements, affecting about 4.3% of the population, or 4.84 million Filipinos. These initial statistics suggest that the country's poverty levels have reverted to what they were before the pandemic.³

C. Inflation Rate

It is anticipated that the inflation rate will range from 3.0% to 4.0% in 2024 and 2.0% to 4.0% in 2025. These projections align with the targeted inflation rate set for both years, which is also between 2.0% and 4.0%.

1. Headline Inflation

In July 2024, the Philippines saw a rise in headline inflation to 4.4% from 3.7% in June, averaging 3.7% from January to July. This was a slight decrease from the 4.7% inflation rate of July 2023.⁴

The increase was mainly due to a significant jump in the housing, utilities, and fuels index, which went up to 2.3% from a mere 0.1% the previous month. Additionally, food and beverages, a major index, grew faster at 6.4% compared to 6.1% in June. Transport and

² The FIES income data encompasses diverse sources such as wages and salaries, entrepreneurial activities, and other sources of income. Other sources of income include net share, cash receipts from abroad and from domestic source, rentals received, interest, pension, dividends, net receipts, those received as gifts (in cash or in kind) and imputed rent (Philippine Statistics Authority, 2024).

³ The reduction in poverty incidence in 2023 can be attributed to adjustments in the poverty threshold and income data from 2021 to 2023. The poverty threshold, influenced mainly by the cost of food items in the consumption basket, rose by 15.3% in 2023. Conversely, the average per capita income, especially for those in the second decile or the families close to the poverty line, saw a more significant increase of 22.9%, surpassing the rise in the poverty threshold, leading to a decrease in poverty incidence among families at 2.3 percentage points (pp) and among population at 2.6pp.

⁴ In July 2024, core inflation slowed down to 2.9%, a decrease from June's 3.1%, signaling a more stable cost landscape for both consumers and businesses. This reduction is notable compared to the 6.7% rate from the previous year. The core inflation measurement is crucial as it provides a clearer view of the long-term inflation trend by excluding items that are prone to temporary price shocks.

education services also saw higher inflation rates of 3.6% and 5.8%, respectively. The primary contributors to July's inflation were food and beverages (55.5% share, 2.4pp), housing and utilities (11.3% share, 0.5pp), and restaurants and accommodation services (10.8% share, 0.5pp).

On the other hand, some sectors like alcoholic beverages and tobacco, clothing and footwear, health, and recreation reported lower inflation rates compared to the previous month.

2. Food Inflation

In July 2024, national food inflation increased to 6.7% from 6.5% in June, and up from 6.3% the previous year.

The rise was driven by a significant year-on-year hike in the meat index, up to 4.8% from 3.1%, and fruits and nuts at 8.4%, up from 5.6%. Other notable increases included corn at 17.5%, up from 13.1%, milk, other dairy products and eggs at 1.8%, up from 1.3%, and various ready-made food and other food products at 6.0%, slightly up from 5.9%.

Conversely, there was a slower decline in fish and oils indices, at 0.8% and 2.6% respectively, compared to the previous month. Additionally, slower growth was observed in rice at 20.9%, down from 22.5%, flour, bread, and other bakery products at 2.6%, down from 3.0%, and vegetables, tubers, plantains, cooking bananas, and pulses at 6.1%, down from 7.2%. A faster annual decrease was noted in sugar and confectionery at 3.4%, down from a 3.0% drop.

Food inflation contributed 54.3% or 2.4pp to the overall inflation rate. The most significant contributors to food inflation were cereals and cereal products (including rice, corn, flour, bread, bakery products, pasta, and other cereals), accounting for 74.6% or 5.0pp. Meat and other parts of slaughtered land animals were next, with a 12.0% contribution or 0.8pp. Lastly, vegetables, tubers, plantains, cooking bananas, and pulses added 6.6% or 0.4pp to the food inflation.

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

DBCC estimates that the rates of 364-day T-bills will likely fall within the range of 5.5% to 6.5% in the year 2024, and 4.5% to 5.5% in 2025. The most recent auction, which occurred on 5 August 2024, resulted in an average rate of 6.074%.

Meanwhile, the Secured Overnight Financing Rate (SOFR) is expected to range between 4.5% to 5.5% in 2024, and 3.5% to 4.5% in 2025 (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 London Interbank Offered Rate (LIBOR) rate. As of 2 August 2024, the six-month SOFR was recorded at 5.35%, which is within the DBCC assumption. On the same date, the six-month LIBOR was recorded at 5.43589%.

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

The Philippine peso-US dollar exchange rate will range between ₱56.00 and ₱58.00 in 2024, and between ₱55.00 and ₱58.00 in 2025. As per the Reference Exchange Rate Bulletin of the *Bangko Sentral ng Pilipinas* (BSP) dated 6 August 2024, the exchange rate was at ₱57.8410.

It is estimated that the price of Dubai crude oil will fluctuate between US\$70 and US\$85 per barrel in 2024 and between US\$65 and US\$85 per barrel in 2025. As of 5 August 2024, the value of Dubai crude oil (Platts) is US\$75.28 per barrel.

It is estimated that the Gross International Reserves (GIR) at the end of 2024 will be US\$104.0 billion and US\$105.0 billion in 2025. This is equivalent to 7.4- and 7.2-month worth of imports, respectively. As of the end of June 2024, GIR was valued at US\$105.189 billion, which is equivalent to 7.7-month worth of imports. Compared to the previous year, the June GIR figure increased by 5.8%.

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\$65.4 billion in 2024 and US\$68.1 billion in 2025. 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\$4.7 billion in 2024 and a negative balance of US\$2.0 billion in 2025.⁵

G. Unemployment Rate

The DBCC estimates an unemployment rate ranging from 4.4% to 4.7% in 2024, and 4.8% to 5.1% in 2025.

In June 2024, the employment landscape showed significant improvement compared to the previous year. The employment rate climbed to 96.9%, a notable increase from 95.5% in June 2023 and 95.9% in May 2024. This upward trend was reflected in the number of employed individuals, which reached 50.28 million, surpassing the figures from June 2023 by approximately 1.44 million and from May 2024 by roughly 1.41 million. Concurrently, the unemployment rate experienced a decline, falling to 3.1% in June 2024 from 4.5% in June 2023 and 4.1% in May 2024. This decrease in unemployment was evident in the reduction of unemployed individuals to 1.62 million, down from 2.33 million in June 2023 and 2.11 million in May 2024.

Despite these positive shifts, the labor force participation rate (LFPR) saw a slight decrease to 66.0% in June 2024 from 66.1% in June 2023, although it was an improvement from 64.8% in May 2024. This LFPR represented 51.90 million Filipinos aged 15 and over who were either employed or actively seeking employment, a marginal increase from 51.17 million in June 2023 and 50.97 million in May 2024.

⁵ The PSA's data for 2023 reveals that the nation's total exports reached US\$116.504 billion, with goods accounting for 51.2% (US\$59.651 billion) and services making up the remaining 48.8% (US\$56.853 billion). This represents a 3.7% growth compared to the previous year. However, when adjusted for inflation to 2018 prices, the increase in exports is a modest 1.4%. On the import side, the country saw a total of US\$178.119 billion, with goods imports at 80.0% (US\$142.425 billion) and services at 20.0% (US\$35.694 billion), marking a 2.1% rise from the prior year, or a 1.0% increase in constant 2018 prices.

The services sector remained the dominant employer, accounting for 58.7% of the total employed population, while the agriculture and industry sectors contributed 21.1% and 20.2%, respectively.

In June 2024, the average workweek for employed individuals rose to 40.9 hours, marking an increase from the previous year's average of 40.0 hours and the preceding month's average of 40.6 hours. This uptick suggests a trend of growing work hours over the period.

Concurrently, the underemployment rate also saw an upward shift, reaching 12.1% in June 2024, compared to 12.0% in the same month the previous year and a notable rise from May 2024's rate of 9.9%. The underemployment rate is indicative of the number of workers who are employed but are willing and able to offer more labor than their current employment demands, either through additional hours at their current job, a second job, or a new job with longer hours. This translates to 6.08 million out of 50.28 million employed individuals who have expressed a desire for more work, highlighting a significant portion of the workforce seeking greater employment opportunities.

Youth employment also saw a positive trend, with the rate jumping to 91.4% in June 2024, a significant rise from the previous year's 90.1% and 88.8% in May 2024. However, youth underemployment increased to 12.9%, up from 8.5% in June 2023 and 10.2% in May 2024, indicating that a portion of the employed youth were seeking additional work hours or more challenging roles.

II. The 2025 National Expenditure Program

With the theme “Agenda for Prosperity: Fulfilling the Needs and Aspirations of the Filipino People,” the spending priorities for the ₱6.352 trillion proposed national budget are anchored on the following foundational pillars under the Philippine Development Plan (PDP) 2023-2028:

- Pillar 1 Develop and Protect the Capabilities of Individuals and Families
- Pillar 2 Transform Production Sectors to Generate More Quality Jobs and Competitive Products
- Pillar 3 Create an Enabling Environment Encompassing Institutions, Physical and Natural Environment

The ₱6.352 trillion National Expenditure Program (NEP) constitutes 22.1% of GDP and reflects an increase of ₱584.790 billion or 10.1% over the 2024 budget level of ₱5.768 trillion. The following are the budget priorities for 2025 in line with the 8-Point Socioeconomic Agenda of the government:

1. Infrastructure development
2. Human capital development
3. Food security
4. Enterprise development
5. Research and development (R&D) and innovation
6. Digital transformation
7. Climate-smart and disaster-resilient development
8. Comprehensive devolution strategy

A. Dimensions of the 2025 Budget

1. By Source of Appropriations

Table 2. Sources of Appropriations, 2023-2025
(In Billion Pesos)

Particulars	2023 Actual	2024 Adjusted	2025 Proposed	2025 vs 2024	
				Amount	% Change
Appropriations					
New General Appropriations	4,003.918	4,751.217	4,405.896	(345.321)	(7.3)
Automatic Appropriations	1,694.642	1,747.832	2,105.160	357.328	20.4
Continuing Appropriations	198.761	346.406		(346.406)	(100.0)
Total Available Appropriations	5,897.321	6,845.455	6,511.055	(334.400)	(4.9)
Less: Unreleased Appropriations	90.474	776.446	158.665	(617.780)	(79.6)
Unobligated Allotment	334.219	301.409		(301.409)	(100.0)
Total Obligations	5,472.628	5,767.600	6,352.390	584.790	10.1
Nominal GDP	24,318.611	26,495.635	28,749.818		
<i>% of GDP (Nominal)</i>	22.5	21.8	22.1		

Sources: 2025 NEP and BESF

By appropriation sources, the ₱6.352 trillion expenditure program is broken down into ₱4.247 trillion (66.9%) programmed new appropriations and ₱2.105 trillion (33.1%) automatic appropriations. Programmed appropriations have a definite and identified funding as of the time the budget is prepared, however it requires legislative approval. On the other hand, automatic appropriations do not need legislative authorization due to their nature and specific enabling laws.

Table 3. New General Appropriations, 2024-2025
(In Billion Pesos)

Particulars	2024 GAA	2025 NEP	% Share (2025)	Variance	
				Amount	%
Programmed Appropriations	4,019.768	4,247.230	96.4	227.462	5.7
Departments and Agencies	3,516.024	3,525.892	80.0	9.868	0.3
Special Purpose Funds (SPFs)	503.744	721.339	16.4	217.594	43.2
Unprogrammed Appropriations	731.449	158.665	3.6	(572.783)	(78.3)
Total New General Appropriations	4,751.217	4,405.896	100.0	(345.321)	(7.3)

Sources: 2024 GAA and 2025 NEP

As can be seen in Table 3, out of the ₱4.406 trillion in new general appropriations for 2025, ₱4.247 trillion (96.4%) are programmed appropriations earmarked for the implementation of various programs and projects of the national government agencies (NGAs)—₱3.526 trillion and for special purpose funds (SPFs)—₱721.339 billion. The remaining ₱158.665 billion (3.6%) represents unprogrammed appropriations (UA).

The 2025 programmed appropriations for NGAs registered a slight increase of ₱9.868 billion or a mere 0.3%. Meanwhile, the ₱217.594 billion or 43.2% increment in SPFs will include personnel-related expenditures such as the Miscellaneous Personnel Benefits Fund (MPBF) and the Pension and Gratuity Fund (PGF).

Table 4. Unprogrammed Appropriations, 2025

(In Billion Pesos)

Particulars	2025 NEP	% Share
Strengthening Assistance for Government Infrastructure and Social Programs	78.363	49.4
Budgetary Support to Government-Owned and/or -Controlled Corporations	26.269	16.6
Support to Foreign-Assisted Projects	25.459	16.0
Risk Management Program	1.000	0.6
Refund of the Service Development Fee for the Right to Develop the Napedai Property in Tokyo, Japan	0.211	0.1
Revised AFP Modernization Program	25.000	15.8
Marawi Siege Victims Compensation Program	2.000	1.3
Fiscal Support Arrearages for Comprehensive Automotive Resurgence Strategy (CARS) Program	0.364	0.2
Total Unprogrammed Appropriations	158.665	100.0

Source: 2025 NEP

Table 4 presents the breakdown of the ₱158.665 billion UA for 2025, which serves as a standby appropriation that may be availed of when any of the following predetermined conditions is realized:

1. One of the non-tax revenue sources exceeds its target
2. Collection of new revenue is not included in the original revenue target
3. Loans for foreign-assisted projects (FAPs) are approved

Table 5. Breakdown of Automatic Appropriations, 2023-2025

(In Million Pesos)

Particulars	2023 Actual	2024 Adjusted	2025 Proposed	2025 vs. 2024	
				Amount	% Change
Retirement and Life Insurance Premiums	66,251.617	65,787.605	68,549.679	2,762.074	4.2
Customs duties and taxes, including tax expenditures	31,799.484	14,500.000	14,500.000		
National Tax Allotment (formerly Internal Revenue Allotment)	820,268.928	871,375.199	1,034,604.869	163,229.670	18.7
Interest Payment on NG Debts	628,333.000	670,471.000	848,030.688	177,559.688	26.5
Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) Block Grant	64,755.501	70,513.225	83,421.790	12,908.565	18.3
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	0.480		
Grant Proceeds	1,030.588				
Net Lending	26,809.000	28,700.000	28,700.000		
Special Account	52,245.805	26,484.299	27,352.123	867.824	3.3
Armed Forces of the Philippines (AFP) Modernization Trust Fund	2,979.601				
Military Camps Sales Proceeds Fund	168.404				
Total Automatic Appropriations	1,694,642.408	1,747,831.808	2,105,159.629	357,327.821	20.4

Source: 2025 NEP

Table 5 shows the eight automatically appropriated items in 2025 with an aggregate amount of ₱2.105 trillion, registering a ₱357.328 billion increase. The 20.4% growth is accounted for mainly by higher allocations for National Tax Allotment (NTA) and Debt

Service-Interest Payments, which will receive ₱1.035 trillion (49.1%) and ₱848.031 billion (40.3%), respectively, comprising the bulk (₱1.883 trillion or 89.4%) of the total automatic appropriations.

2. By Expense Class

Table 6 shows the distribution of the 2025 budget by major expense category. The biggest share (38.1%) goes to Maintenance and Other Operating Expenses (MOOE) at ₱2.421 trillion followed by Personnel Services (PS) with ₱1.757 trillion (27.7%). Capital Outlay (CO) and Net Lending gets ₱1.327 trillion (20.9%) while the provision for Financial Expenses (FinEx) takes up the least share of ₱848.069 billion (13.4%).

Table 6. Summary of Expenditure Programs by Expense Category, 2023-2025

(In Billion Pesos)

Expense Class	2023	2024	2025	2025 % Share	2025 vs. 2024	
	Actual	Program	Proposed		Amount	% Change
Personnel Services (PS)	1,456.142	1,483.284	1,756.848	27.7	273.564	18.4
Maintenance and Other Operating Expenses (MOOE)	2,091.997	2,274.695	2,420.640	38.1	145.945	6.4
Capital Outlays (CO) and Net Lending	1,295.463	1,339.088	1,326.833	20.9	(12.255)	(0.9)
Financial Expenses (FinEx)	629.027	670.533	848.069	13.4	177.535	26.5
Total Obligations	5,472.628	5,767.600	6,352.390	100.0	584.790	10.1

Source: 2025 BESF

- a. **Personnel Services** in the amount of ₱1.757 trillion will be used to pay for the salaries and benefits of government officials and employees, both civilian and military, as well as the retirement benefits of retirees. The proposed budget for PS will post an increase of ₱273.564 billion or 18.4% compared to the ₱1.483 trillion allocation in the current year. The additional budget will primarily include the funding requirements for the first two tranches of salary adjustments and the ₱7,000 medical allowance pursuant to Executive Order No. 64, s. 2024, performance-based incentive, the filling of vacant positions, and the payment for the pension, retirement gratuity, and terminal leave benefits of retirees.
 - For 2025, out of the 2,017,380⁶ total number of permanent government positions, 1,848,648 are filled while 168,732 are unfilled.
- b. **Maintenance and Other Operating Expenses** will basically cover the following government expenditures: regular operating requirements of government agencies; implementation of government programs and projects; subsidies to government-owned and/or -controlled corporations (GOCCs); and allocations to local government units (LGUs).
 - Financial Assistance/Subsidies will account for ₱1.762 trillion or 72.8% of the ₱2.421 trillion total MOOE next year. The assistance or subsidy is given by the government to individuals, civil society organizations and government institutions for the implementation of programs and projects. The NTA of LGUs alone will constitute 58.7% of the total Financial Assistance/Subsidies and 42.7% of the total MOOE budget.

⁶ Excludes the 178 ex-officio positions
Prepared by LBRMO

- The ₱2.421 trillion MOOE in 2025 will register a growth of ₱145.945 billion or 6.4% against the ₱2.275 trillion budget this year. The expanded allocation will support the following priority programs of the administration, among others:
 - *Pantawid Pamilyang Pilipino* Program
 - Supplementary and School-Based Feeding Programs
 - Implementation of the Expanded Centenarians Act
 - National Health Insurance Program
 - Universal Access to Quality Tertiary Education (UAQTE) Program
 - DepEd Government Assistance and Subsidies
 - DepEd Computerization Program
 - Implementation of the *Kabalikat sa Pagtuturo* Act
 - Increased MOOE for Schools and Hospitals

- c. **Capital Outlays and Net Lending** will amount to ₱1.327 trillion in 2025, the bulk of which, representing ₱997.546 billion or 75.2%, will be earmarked for Infrastructure Outlay, followed by Buildings and Other Structures (₱146.137 billion or 11.0%) and Machinery and Equipment Outlay (₱124.984 billion or 9.4%).
 - The ₱1.327 trillion provision for CO in 2025 will mostly finance the budgetary requirements of new and ongoing capital expenditure/infrastructure programs and projects under the Administration’s Build Better More Program, such as the following:
 - Flood management program and road, bridge, and building projects of the Department of Public Works and Highways (DPWH)
 - Rail transport, land public transport, aviation infrastructure, and maritime infrastructure programs of the Department of Transportation (DOTr)
 - Projects under the Revised AFP Modernization Program of the Department of National Defense (DND)
 - Farm-to-Market Roads Program of the Department of Agriculture (DA)
 - Health Facilities Enhancement Program of the Department of Health (DOH)
 - Basic Education Facilities of the Department of Education (DepEd)

 - The projected infrastructure spending for 2025 amounts to ₱1.507 trillion or 5.2% of GDP and falls within the 5.0% to 6.0% target range. The combined allocation under the DPWH (₱878.693 billion or 58.3%) and the DOTr (₱133.197 billion or 8.8%) accounts for ₱1.012 trillion or 67.2% of the total public sector infrastructure budget. By major cost structure, the ₱1.507 trillion Infrastructure Outlay is distributed as follows:

○ Regular Programs	₱902.197 billion or 59.9%
○ Locally Funded Projects	₱399.318 billion or 26.5%
○ Foreign-Assisted Projects	₱204.998 billion or 13.6%

- d. **Financial Expenses** of ₱848.069 billion will be provided for debt service financing requirements, of which ₱848.062 billion will be for the payment of interest expenses and the remaining ₱7.068 million will be for bank charges.

3. By Cost Structure

The distribution by cost structure of the 2025 National Government (NG) budget is as follows: ₱3.357 trillion for programs, ₱2.119 trillion for locally funded and foreign-assisted projects, ₱848.031 billion for debt service-interest payments, and ₱28.700 billion for net lending.

Net of interest payments and net lending, the productive portion of the ₱6.352 trillion NG budget will account for 86.2% or ₱5.476 trillion.

Table 7. NG Expenditure By Program Category, 2023-2025

(In Billion Pesos)

Particulars	2023 Actual	2024 Program	2025 Proposed	2025 vs 2024		%Share		
				Amount	% Change	2023	2024	2025
Programs	3,420.900	3,476.797	3,356.742	(120.055)	(3.5)	62.5	60.3	52.8
General Overhead	473.872	331.030	420.588	89.558	27.1	8.7	5.7	6.6
General Administration and Support	416.795	265.951	272.736	6.785	2.6	7.6	4.6	4.3
Support to Operations	57.077	65.079	147.852	82.773	127.2	1.0	1.1	2.3
Operations	2,947.028	3,145.767	2,936.154	(209.613)	(6.7)	53.9	54.5	46.2
Projects	1,396.586	1,591.632	2,118.917	527.286	33.1	25.5	27.6	33.4
Locally Funded Projects	1,203.909	1,587.642	1,903.267	315.626	19.9	22.0	27.5	30.0
Foreign-Assisted Projects	192.677	3.990	215.650	211.660	5,304.8	3.5	0.1	3.4
Total	4,817.486	5,068.429	5,475.659	407.230	8.0	88.0	87.9	86.2
Net Lending	26.809	28.700	28.700			0.5	0.5	0.5
Debt Service-Interest Payments	628.333	670.471	848.031	177.560	26.5	11.5	11.6	13.3
Total Obligations	5,472.628	5,767.600	6,352.390	584.790	10.1	100.0	100.0	100.0

Source: 2025 BESF

The allocation for programs, which consists of General Overhead and Operations, has decreased but will still get more than half or 52.8% of the 2025 NG budget. The budget for projects will notably increase by 33.1% or ₱527.286 billion due to a substantial rise in locally funded and foreign-assisted projects amounting to ₱315.626 billion (19.9%) and ₱211.660 billion (5,304.8%), respectively.

The ₱215.650 billion in FAPs, consisting of ₱65.085 billion in Government of the Philippines (GOP) counterpart and ₱150.565 billion in loan proceeds, will fund mainly the following big-ticket projects:

- North-South Commuter Railway System—₱63.907 billion
- Metro Manila Subway Project, Phase I—₱39.374 billion
- Bataan-Cavite Interlink Bridge Project—₱11.672 billion
- Philippine Rural Development Program Scale-Up—₱11.114 billion
- Pasig-Marikina River Channel Improvement Project, Phase IV—₱7.429 billion
- Metro Manila Flood Management Project, Phase I—₱6.831 billion
- New Dumaguete Airport Development Project—₱6.130 billion
- Cavite Industrial Area Flood Risk Management Project—₱5.993 billion
- Cebu Bus Rapid Transit Project—₱5.868 billion

4. By Sector

By sector, the ₱6.352 trillion proposed NG expenditure is geared towards achieving the 2023-2028 PDP. It still reflects the continued high spending priority given to the Social and Economic Sectors with a combined share of 62.5%. The remaining portion will be spent on the other sectors, namely: General Public Services, Debt Burden, and Defense with shares at 17.1%, 13.8%, and 6.6%, respectively.

All sectors, except for net lending, will get a higher budget for 2025 with General Public Services receiving the largest nominal increase of ₱184.595 billion and the Defense Sector getting the highest percentage increase of 50.7%.

Table 8. NG Expenditure By Sector, 2023-2025

(In Billion Pesos)

Particulars	2023 Actual	2024 Program	2025 Proposed	2025 vs. 2024		% Share		
				Amount	% Change	2023	2024	2025
Economic Services	1,833.702	1,775.327	1,852.536	77.208	4.3	33.5	30.8	29.2
Social Services	1,815.335	2,116.399	2,120.670	4.271	0.2	33.2	36.7	33.4
Defense	310.423	278.144	419.300	141.156	50.7	5.7	4.8	6.6
General Public Services	858.026	898.559	1,083.154	184.595	20.5	15.7	15.6	17.1
Debt Burden	655.142	699.171	876.731	177.560	25.4	12.0	12.1	13.8
Net Lending	26.809	28.700	28.700			0.5	0.5	0.5
Debt Service-Interest Payments	628.333	670.471	848.031	177.560	26.5	11.5	11.6	13.3
Total Obligations	5,472.628	5,767.600	6,352.390	584.790	10.1	100.0	100.0	100.0

Source : 2025 BESF

For the period 2023 to 2025, the percentage distribution across various sectors exhibits fluctuations with one notable exception: the Debt Burden Sector shows a consistent upward trend, while the Economic Services Sector experiences a decline.

a. Social Services

The Social Services Sector, which accounts for the biggest share of the proposed NG budget, will be allocated 33.4%, or ₱2.121 trillion. This sector will be prioritized to fund government programs on education, culture, and manpower development; health; social security, welfare, and employment; housing and community development; and other social services.

Except for these two components—(1) social security, welfare, and employment and (2) health—all subsectors will receive higher funding in 2025. In keeping with the constitutional mandate of giving the highest budgetary priority to education, the education, culture, and manpower development subsector will receive the lion's share of the proposed NG budget at 16.8%, or 50.3% of the Social Services Sector's budget. This subsector, which covers the budget for DepEd, the Commission on Higher Education (CHED), State Universities and Colleges (SUCs), Technical Education and Skills Development Authority (TESDA), and other government educational institutions, will also get the biggest nominal increment at ₱83.629 billion. About 40% of this increase will augment the operational requirements of elementary and secondary schools, the creation of new teaching positions, reclassification of positions, filling of vacant positions, and the doubling of the annual teaching allowance from ₱5,000 to ₱10,000.

The housing and community development subsector, on the other hand, will capture the highest percentage increase of 73.5% to fund the *Pambansang Pabahay Para sa Pilipino* Program, among others.

The other big-ticket items under the Social Services Sector are the following: the Universal Health Care Program, UAQTE, DepEd's Government Assistance and Subsidies, *Pantawid Pamilyang Pilipino* Program, Social Pension for Indigent Senior Citizens, the *Tulong Panghanapbuhay sa Ating* Disadvantaged/Displaced Workers Program, the Training for Work Scholarship Program, the Special Training for Employment Program, and the Emergency Repatriation Program for overseas Filipino workers (OFWs).

b. Economic Services

The Economic Services Sector will continue to acquire the second highest allocation with ₱1.853 trillion, representing 29.2% of the 2025 NG budget. Although the earmarked share is declining by 1.6pp, this sector will get a net increase of ₱77.208 billion for 2025.

The allocation for water resources development and flood control, which covers the budget of the National Water Resources Board, the Local Water Utilities Administration, and the DPWH, will remarkably increase by 96.3% or ₱126.107 billion intended mainly for the DPWH projects. Communications, roads, and other transport will take up the biggest share of this sector at 46.5% or ₱861.242 billion, equivalent to 13.6% of the total proposed NG budget.

Also included in this sector are agriculture and agrarian reform, natural resources and environment, trade and industry, tourism, power and energy, and other economic services.

c. General Public Services

The General Public Services Sector's budget is projected to rise from 15.6% to 17.1% of the NG budget, or from ₱898.559 billion to ₱1.083 trillion. This represents a significant 20.5% growth or ₱184.595 billion to provide additional funding for the general administration of some agencies and to enhance public order and safety.

Public order and safety, which accounts for 46.0% of the budget for General Public Services, will obtain a sizeable increase of 37.5% or ₱135.730 billion. This subsector will cover the budgets of the Office of the Ombudsman, Bureau of Fire Protection (BFP), Bureau of Jail Management and Penology (BJMP), National Police Commission (NAPOLCOM), Philippine National Police (PNP), Office of Civil Defense (OCD), Department of Justice (DOJ), the Judiciary, and other SPFs, which for 2025 includes the amount for PGF of ₱101.624 billion.

d. Defense Sector

To ensure domestic security and protect the country against external threats, the Defense Sector will receive an allocation of ₱419.300 billion, the lowest among the five sectors. For 2025, its share will increase to 6.6%, a significant improvement from this year's 4.8%. This boost is attributed to a substantial increase of 50.7% or ₱141.156 billion to support the key programs and priorities of the DND such as the Land, Air, and Naval Defense Programs, including the Revised AFP Modernization Program, which has a proposed programmed budget of ₱50.000 billion. For 2025, this sector also incorporates the earmarked amount of ₱99.072 billion for the PGF that was previously categorized under the Social Services Sector in 2024.

e. Debt Burden

The debt burden for 2025 will amount to ₱876.731 billion or equivalent to 13.8% of the total NG budget. This allocation will consist of ₱848.031 billion in interest payments for the NG domestic and foreign debts, and ₱28.700 billion for net lending, which pertains to advances to government corporations for debts guaranteed by the government.

5. By Recipient Unit

The NGAs will continue to receive the most significant share, with an aggregate amount of ₱4.116 trillion or 64.8% of the total NG budget for 2025. This allocation will cover the operational requirements and the implementation of programs and projects of various departments and line agencies. The amount is ₱256.661 billion or 6.7% higher than the current budget of ₱3.859 trillion.

Table 9. NG Expenditure By Recipient Unit, 2023-2025

(In Billion pesos)

Particulars	2023	2024	2025	2025 vs 2024		Percent Share		
	Actual	Adjusted	Proposed	Amount	% Change	2023	2024	2025
National Government Agencies (NGAs)	3,647.003	3,859.100	4,115.761	256.661	6.7	66.6	66.9	64.8
Local Government Units (LGUs)	947.331	1,011.274	1,184.121	172.846	17.1	17.3	17.5	18.6
Government-Owned and/or -Controlled Corporations (GOCCs)	249.961	226.754	204.478	(22.277)	(9.8)	4.6	3.9	3.2
Creditors	628.333	670.471	848.031	177.560	26.5	11.5	11.6	13.3
Total	5,472.628	5,767.600	6,352.390	584.790	10.1	100.0	100.0	100.0

Source: 2025 BESF

*Numbers may not add up due to rounding

The subsidy for LGUs will increase by ₱172.846 billion or 17.1% from ₱1.011 trillion in 2024 to ₱1.184 trillion in 2025. A considerable amount of ₱1.035 trillion or 87.4% will be provided for the NTA pursuant to the Local Government Code of 1991 and the Supreme Court Ruling on the Mandanas-Garcia case. The other items will include the allocations for the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), the Special Shares of LGUs in the Proceeds of National Taxes, and the Local Government Support Fund (LGSF).

The GOCCs will receive ₱204.478 billion or 3.2% of the proposed NG expenditure to support forty-one (41) GOCCs, amounting to ₱175.778 billion, and for net lending of ₱28.700 billion.

For 2025, ₱848.031 billion or 13.3% of the total budget has been earmarked for creditors for interest payments on NG debt both from domestic and foreign sources.

6. By Regional Allocation

Out of the total budget of ₱6.352 trillion proposed for 2025, ₱1.725 trillion, which accounts for 27.2%, is categorized as nationwide funds; ₱570.288 billion or 9.0% will be managed by the central offices of the respective departments/agencies; and the remaining ₱4.057 trillion or 63.9% will be allocated across the 17 regions of the country.

Among the 17 regions, the National Capital Region (NCR) will receive the largest share amounting to ₱857.876 billion, representing 13.5% of the total budget for the coming year, while the Cordillera Administrative Region (CAR) will get the least share, at ₱95.658 billion or 1.5%.

By Island grouping, Luzon will capture 59.1% of the ₱4.057 trillion regional budget equivalent to ₱2.396 trillion. Mindanao and Visayas, on the other hand, will obtain 23.2% or ₱940.276 billion and 17.8% or ₱721.044 billion, respectively.

Table 10. Expenditure Program by Regional Allocation, 2023-2025

(In Billion Pesos)

Particulars	2023	2024		2025		2025 vs 2024	
	Actual	Adjusted	% Share	Proposed	% Share	Amount	% Change
Nationwide	661.009	1,278.363	22.2	1,725.029	27.2	446.666	34.9
Central Office	770.895	532.008	9.2	570.288	9.0	38.280	7.2
Regional	4,040.725	3,957.229	68.6	4,057.073	63.9	99.845	2.5
NCR	1,083.173	867.229	15.0	857.876	13.5	(9.353)	(1.1)
Region I	195.062	180.566	3.1	178.819	2.8	(1.747)	(1.0)
CAR	110.831	97.668	1.7	95.658	1.5	(2.010)	(2.1)
Region II	156.026	160.175	2.8	165.084	2.6	4.909	3.1
Region III	338.123	369.230	6.4	362.333	5.7	(6.898)	(1.9)
Region IV	<u>458.275</u>	<u>498.225</u>	8.6	<u>515.415</u>	8.1	17.190	3.5
Region IV-A	321.293	341.102	5.9	355.558	5.6	14.457	4.2
Region IV-B	136.982	157.123	2.7	159.856	2.5	2.733	1.7
Region V	223.089	234.040	4.1	220.569	3.5	(13.471)	(5.8)
Subtotal, Luzon	<u>2,564.580</u>	<u>2,407.133</u>	41.7	<u>2,395.753</u>	37.7	(11.380)	(0.5)
Region VI	222.474	222.400	3.9	235.097	3.7	12.697	5.7
Region VII	223.315	228.182	4.0	240.095	3.8	11.913	5.2
Region VIII	186.683	205.946	3.6	245.853	3.9	39.906	19.4
Subtotal, Visayas	<u>632.472</u>	<u>656.528</u>	11.4	<u>721.044</u>	11.4	64.516	9.8
Region IX	127.486	140.072	2.4	143.404	2.3	3.331	2.4
Region X	182.591	190.071	3.3	184.420	2.9	(5.651)	(3.0)
Region XI	161.375	162.666	2.8	165.544	2.6	2.878	1.8
Region XII	123.156	127.046	2.2	138.140	2.2	11.094	8.7
CARAGA	116.079	124.271	2.2	130.201	2.0	5.931	4.8
BARMM	132.985	149.440	2.6	178.566	2.8	29.125	19.5
Subtotal, Mindanao	<u>843.673</u>	<u>893.568</u>	15.5	<u>940.276</u>	14.8	46.708	5.2
TOTAL	<u>5,472.628</u>	<u>5,767.600</u>	100.0	<u>6,352.390</u>	100.0	584.790	10.1

Source: 2025 BESF

Note: Numbers may not add up due to rounding.

7. Top 10 Departments

For 2025, the total budget for the top ten departments amounts to ₱3.436 trillion, which is 54.1% of the total expenditure program of the national government and ₱15.432 billion or 0.5% higher than the 2024 level of ₱3.421 trillion. Consistent with the 1987 Constitution,⁷ the Education Sector will account for the biggest share of the budget with ₱977.598 billion.

Table 11. Top Ten Departments
(In Billion Pesos)

DEPARTMENTS	2024 Adjusted	2025 Proposed	2025 % Share	2025 vs. 2024	
				Variance	% Change
Total National Budget	5,767.600	6,352.390	100.0	584.790	10.1
Top Ten Departments	3,420.741	3,436.174	54.1	15.432	0.5
Education Sector*	968.933	977.598	15.4	8.666	0.9
DPWH	997.885	900.000	14.2	(97.885)	(9.8)
DOH (including PhilHealth)	308.261	297.621	4.7	(10.641)	(3.5)
DILG**	263.000	278.432	4.4	15.432	5.9
DND***	240.588	256.125	4.0	15.538	6.5
DSWD	248.109	230.057	3.6	(18.052)	(7.3)
Agriculture Sector****	221.659	211.297	3.3	(10.362)	(4.7)
DOTr	73.892	180.894	2.8	107.002	144.8
Judiciary	60.176	63.565	1.0	3.389	5.6
DOJ	38.239	40.585	0.6	2.346	6.1
Rest of National Budget	2,346.859	2,916.216	45.9	569.358	24.3

Sources: 2024 GAA, 2025 NEP and 2025 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) and DAR

a. Education Sector

The Education Sector budget for 2025 of ₱977.598 billion is equivalent to 15.4% of the total expenditure program of ₱6.352 trillion and is higher than the current year's level of ₱968.933 billion by ₱8.666 billion or 0.9%. The different agencies under this sector are the following:

- DepEd—₱793.177 billion
- SUCs—₱118.819 billion
- CHED—₱31.682 billion
- TESDA—₱18.745 billion
- Science Education Institute—₱7.492 billion
- Philippine Science High School System—₱2.754 billion
- Philippine Military Academy (PMA)—₱1.715 billion
- Philippine National Police Academy (PNPA)—₱1.366 billion
- Philippine Public Safety College (PPSC)—₱994.300 million
- Local Government Academy (LGA)—₱529.238 million

⁷ Section 5 (5) of Article XIV of the 1987 Philippine Constitution
Prepared by LBRMO

- National Defense College of the Philippines (NDCP)—₱324.638 million

b. Department of Public Works and Highways

Serving as the national government’s engineering and construction arm, the DPWH continues to pursue the administration’s infrastructure goal for the Build Better More Program. For 2025, it will receive an amount of ₱900.000 billion to fund its various infrastructure programs and projects:

- Flood Management Program—₱254.289 billion
- Convergence and Special Support Program—₱221.499 billion
- Network Development Program—₱140.856 billion
- Asset Preservation Program—₱98.393 billion
- Bridge Program—₱59.498 billion
- Local Program—₱17.997 billion

c. Department of Health

The DOH, together with the Philippine Health Insurance Corporation (PhilHealth), will have a budget of ₱297.621 billion to ensure an efficient health care system that is accessible and affordable, as well as resilient against future health crises. The 2025 health budget is lower than the current year’s level of ₱308.261 billion by ₱10.641 billion or 3.5%. The major health programs that will be funded for 2025 are as follows:

- National Health Insurance Program (including Special Purpose Insurance Coverage)—₱74.432 billion
- Operations of DOH Regional Hospitals and Other Health Facilities—₱72.697 billion
- Medical Assistance to Indigent and Financially-Incapacitated Patients—₱26.907 billion
- Health Facilities Enhancement Program—₱22.985 billion
- Operations of DOH Hospitals in Metro Manila—₱22.059 billion
- National Health Workforce Support System—₱17.971 billion
- Nationally-Procured Commodities for Family Health, Immunization, Nutrition and Responsible Parenting—₱10.178 billion
- Nationally-Procured Commodities for Prevention and Control of Communicable Diseases—₱5.144 billion
- Disease Prevention and Control—₱4.529 billion
- Nationally-Procured Commodities for Prevention and Control of Non-Communicable Diseases—₱3.477 billion
- Health Information Technology—₱2.897 billion
- Operation of Dangerous Drug Abuse Treatment and Rehabilitation Centers—₱1.758 billion
- Cancer Assistance Fund—₱1.250 billion

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

For 2025, the DILG is allocated the fourth biggest budget amounting to ₱278.432 billion, net of the budgets of the LGA, PNPA and PPSC, which are attributed to the Education Sector’s budget. This amount is ₱15.432 billion or 5.9% higher than the 2024 level of ₱263.000 billion.

Consistent with its mandate, the DILG budget is focused on the promotion of inclusive development by ensuring public safety and security. Among its attached agencies, the PNP will get the biggest share with ₱204.820 billion⁸ or 73.6% of the total budget of the DILG for 2025. This will be used for PNP's digitalization efforts; procurement of mobility, firepower and communications equipment; creation of new police officer positions to achieve a police-to-population ratio of 1:583; and construction of 37 police stations nationwide, among others.

Other attached agencies that will receive significant appropriations next year are the BFP and BJMP with ₱31.010 billion and ₱29.247 billion, respectively.

e. Department of National Defense

To guarantee the safety and sovereignty of the country as well as modernize our military capabilities, the DND will receive a budget of ₱256.125 billion⁹ which is higher by ₱15.538 billion or 6.5% than the current year's level of ₱240.588 billion. Out of this amount, ₱244.958 billion equivalent to 95.6% of the DND budget will be distributed to the four major services of the Armed Forces of the Philippines, namely:

- Philippine Army—₱124.992 billion
- Philippine Air Force—₱49.848 billion
- Philippine Navy—₱49.089 billion
- General Headquarters—₱21.030 billion

f. Department of Social Welfare and Development (DSWD)

Pursuant to its mandate of developing and implementing social protection programs to eradicate poverty, the DSWD will be allocated ₱230.057 billion for 2025. This amount represents a decrease of ₱18.052 billion or 7.3% from the 2024 budget of ₱248.109 billion. The Office of the Secretary will obtain the biggest share at ₱226.823 billion or 98.6% of the total budget and the rest will be distributed to the other attached agencies. Enumerated below are the major programs of the DSWD with significant funding:

- *Pantawid Pamilyang Pilipino Program*—₱114.185 billion
- Social Pension for Indigent Senior Citizens—₱49.807 billion
- Protective Services for Individuals and Families in Difficult Circumstances—₱35.186 billion
- Supplementary Feeding Program—₱5.183 billion
- Sustainable Livelihood Program—₱4.433 billion
- *Kapit-Bisig Laban sa Kahirapan*-Comprehensive and Integrated Delivery of Social Services: *Kapangyarihan at Kaunlaran sa Barangay* (KALAHI-CIDSS-KKB)—₱2.111 billion
- Disaster Response and Management Program—₱3.253 billion
- Philippine Food Strategic Transfer and Alternative Measures Program (STAMP)—₱1.890 billion

⁸ PNPA budget of ₱1.359 billion is excluded

⁹ NDCP budget (₱324.638 million) and PMA budget (₱1.715 billion) are excluded

g. Agriculture Sector

The Agriculture Sector is composed of the DA, including its attached agencies and corporations, and the Department of Agrarian Reform (DAR). For 2025, the sector will be given ₱211.297 billion. This will be used to support farmers and fisherfolk, modernize agricultural capabilities and transform agrarian reform communities. The 2025 Agriculture Sector budget will fund the following major programs:

- National Programs for Rice, Corn, High Value Crops Development, Organic Agriculture, Livestock and Urban and Peri-Urban Agriculture—₱45.849 billion
- Farm-to-Market Road Projects—₱23.181 billion
- Philippine Rural Development Project Scale-Up (PRDP-SU)—₱11.114 billion
- National Fisheries Program (Bureau of Fisheries and Aquatic Resources)—₱8.401 billion
- Buffer Stocking Program, including the establishment of rice drying and milling facility (National Food Authority)—₱14.363 billion
- Subsidy to the National Irrigation Administration—₱42.566 billion
- Crop Insurance Program (Philippine Crop Insurance Corporation)—₱4.500 billion
- Land Tenure Security Program, including the Support to Parcelization of Lands for Individual Titling (SPLIT) Project (DAR)—₱3.482 billion

h. Department of Transportation

The DOTr's proposed budget for 2025 of ₱180.894 billion will register the largest growth among the top ten departments with an increase of ₱107.002 billion or 144.8%. The Office of the Secretary will acquire nearly 81% of the total DOTr's budget, followed by the Philippine Coast Guard at ₱31.281 billion (17.3%). Enumerated below are the programs and projects that will receive notable amounts for 2025:

- Metro Manila Subway Project—₱39.374 billion
- North-South Commuter Railway System—₱63.907 billion
- Metro Rail Transit (MRT) Line 3 Rehabilitation Project—₱2.561 billion
- Operation and Maintenance of the MRT—₱1.413 billion
- Motor Vehicle Regulatory Program—₱2.281 billion
- New Dumaguete Airport Development Project—₱6.130 billion
- Construction, rehabilitation and improvement of other airports—₱5.781 billion
- Fuel Subsidy to Transport Sector Affected by Rising Fuel Prices—₱2.500 billion
- Cebu Bus Rapid Transit Project—₱5.868 billion
- Public Transport Modernization Program—₱1.600 billion
- Davao Public Transport Modernization Project—₱1.908 billion
- Maritime Search and Rescue Program—₱2.421 billion
- Maritime Security and Law Enforcement Program—₱8.725 billion
- Maritime Safety Program—₱2.309 billion

i. The Judiciary

The Judiciary will receive an allocation of ₱63.565 billion for the operations of the Supreme Court and the Lower Courts, Presidential Electoral Tribunal, Sandiganbayan, Court of Appeals and Court of Tax Appeals. This budget is ₱3.389 billion or 5.6% higher than this year's level of ₱60.176 billion.

j. Department of Justice

To carry out an effective, efficient and equitable administration of justice, the DOJ will receive ₱40.585 billion for 2025. This amount represents a growth of ₱2.346 billion or 6.1% from the 2024 level of ₱38.239 billion. To ensure that the rule of law will continue to be upheld, DOJ will implement the following programs and projects:

- Law Enforcement Program (Office of the Secretary)—₱7.582 billion
- Prisoners Custody and Safekeeping Program (Bureau of Corrections)—₱6.993 billion
- Enhancement of Border Management Information System (Bureau of Immigration)—₱3.825 billion
- Land Titling and Registration Program (Land Registration Authority)—₱1.785 billion
- Crime Detection and Investigation Program (National Bureau of Investigation)—₱1.784 billion
- Legal Services for National Government Agencies Program (Office of the Solicitor General)—₱1.107 billion
- Public Legal Assistance Program (Public Attorney's Office)—₱5.102 billion

8. Off-Budget Accounts

Off-Budgetary Funds are receipts for expenditure items that are not part of the NEP and which are authorized to be deposited in Authorized Government Depository Banks.¹⁰ These 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-budgetary funds are still subject to the scrutiny of the Commission on Audit. For 2025, the projected receipts amount to ₱142.155 million, while the total off-budget expenditures chargeable to this fund are estimated at ₱127.657 billion, which is equivalent to 89.8% of the receipts.

III. National Government Fiscal Program

A. 2024 to 2025 Fiscal Program

For 2025, the NG aims to limit its fiscal deficit to 5.3% of GDP, lower by 0.3 pp compared to the current year's level of 5.6%. The decreasing trend aligns with the current Administration's effort to taper off the deficit-to-GDP to 3.7% by 2028¹¹ as part of its fiscal consolidation initiatives. In nominal terms, the deficit for 2025 amounts to ₱1.538 trillion, which is ₱53.380 billion higher than this year's level of ₱1.484 trillion. The wider budget gap is attributed to the expanded NG spending, which is expected to exceed the increase in revenue.

¹⁰ 2025 BESF

¹¹ Consistent with the fiscal program approved during the 187th DBCC Meeting held on March 22, 2024.

- NG revenues for 2025 are expected to reach ₱4.644 trillion, which is ₱374.490 billion higher than the current year's estimates of ₱4.270 trillion. The projected collections for 2025 and 2024 correspond to a revenue effort of 16.2% and 16.1%, respectively. The collections for 2025 consist of ₱4.333 trillion in taxes (93.3%), ₱210.793 billion in non-tax revenues (4.5%), and ₱101.016 billion in privatization proceeds (2.2%). The projected privatization proceeds for 2025, which is more than twice the target of ₱42.120 billion for 2024, will be the largest privatization program in history. The Department of Finance (DOF) has yet to release the official list of government assets for sale or privatization. However, the DOF is reportedly considering the possibility of selling the government's shares in the South Luzon Expressway (SLEX) and the Subic-Clark-Tarlac Expressway (SCTEX), the 2.2-hectare Mile Long property in Makati, and the land in Parañaque City where the Ninoy Aquino International Airport (NAIA) is located (Leyco, 2024). Moreover, to support revenue growth for next year, revenue mobilization will continue through enhanced tax administration measures, including the implementation of the recently enacted Ease of Paying Taxes (EOPT) Law and intensified anti-smuggling efforts. Revenues for 2025 also include the ₱28.379 billion anticipated collections from the passage of refined priority tax measures.¹²
- Meanwhile, NG disbursements for next year will expand to ₱6.182 trillion, which is ₱427.870 billion higher than this year's program of ₱5.754 trillion. Government spending for 2025 and 2024 accounts for 21.5% and 21.7% of the country's GDP, respectively. About one-fourth or ₱1.538 trillion of the projected disbursements for 2025 will be spent on infrastructure programs, capitalizing on their multiplier effect to spur economic growth. In addition, the NG will prioritize spending on programs/activities/projects (PAPs) that address education inadequacies and learning loss from the pandemic, enhance health and social protection programs, and intensify digitalization efforts to scale up public service delivery.

The growth in disbursements is attributed to the increase in PS by ₱246.776 billion (from ₱1.456 trillion for 2024 to ₱1.702 trillion for 2025) on account of the requirements for new positions, filling-up of vacancies in key agencies, compensation benefits, and the salary adjustments for the first and second tranches of the Salary Standardization Law (SSL) VI (₱70.000 billion), as well as the increase in the allotment to LGUs amounting to ₱135.009 billion (from ₱769.247 billion for 2024 to ₱904.256 billion for 2025) primarily due to the higher NTA following the larger actual tax revenue collections in 2022.

- Gross borrowings for 2025 will amount to ₱2.545 trillion, slightly lower than the current year's borrowing program of ₱2.570 trillion. The gross borrowings for 2025, in addition to the cash drawdown of ₱195.532 billion from the national coffers, will be used to finance the budget deficit of ₱1.538 trillion and to pay for the principal amortization of maturing NG debts amounting to ₱1.203 trillion. Out of the gross borrowings, ₱2.038 trillion will be locally sourced and the remaining ₱507.408 billion will be obtained from external (foreign) sources. This reflects a borrowing mix of 80.1% for domestic and 19.9% for external. In comparison, the ratio for 2024 is at 74.9% and 25.1%, respectively. These indicate the

¹² The refined priority tax measures include: (i) value-added tax (VAT) on digital service providers; (ii) excise tax on single-use plastic bags; (iii) rationalization of the mining fiscal regime; (iv) Package 4 of the Comprehensive Tax Reform Program (CTRP); and (v) reform on the Motor Vehicle User's Charge (MVUC).

government's preference for domestic sources to minimize exposure to foreign exchange volatility and interest rate risks.

B. 2023 to 2024 (First Semester) Fiscal Performance

For the first semester of 2024, the NG reported a budget deficit of ₱613.907 billion, higher by ₱62.191 billion (11.3%) than its comparable level of ₱551.716 billion year-on-year, but ₱47.884 billion (7.2%) lower than the target spending of ₱661.791 billion for the first six months of 2024 due to better-than-programmed revenues.

- Total NG revenues reached ₱2.150 trillion, up by ₱289.415 billion (15.6%) over last year's comparable figure of ₱1.860 trillion and higher by ₱72.523 billion (3.5%) over target collections of ₱2.077 trillion. The year-to-date tax collections of the Bureau of Internal Revenue (BIR) amounting to ₱1.362 trillion outpaced the outturn for the same period last year by ₱142.833 billion (11.7%) but missed its half-year program of ₱1.403 trillion by ₱40.993 billion (2.9%). Meanwhile, the Bureau of Customs (BOC) reported ₱455.518 billion in tax collections, reflecting a ₱22.085 billion (5.1%) year-on-year improvement. The BOC's collections also surpassed the six-month target collections of ₱442.621 billion by ₱12.897 billion (2.9%). Moreover, collections from non-tax revenues reached ₱313.835 billion, reflecting a ₱121.454 billion (63.1%) growth year-on-year and a ₱98.748 billion (45.9%) surplus over the target collections. This is on account of the higher dividend remittances, interest on advances from GOCCs, and the NG share from the Philippine Amusement and Gaming Corporation (PAGCOR) income.
- Meanwhile, total NG disbursements reached ₱2.763 trillion, outperforming the disbursements of ₱2.412 trillion for the same period in 2023 by ₱351.606 billion (14.6%), and outpacing the 2024 first semester programmed disbursements of ₱2.739 trillion by ₱24.639 billion (0.9%). The expanded disbursement was mostly attributed to: (i) higher interest payments due to the impact of higher interest and foreign exchange rates and issuances of debt instruments to finance the budget deficit; (ii) the implementation of infrastructure and other capital outlays mainly on account of the robust spending performance of the DPWH as it fast-track the completion of ongoing projects; (iii) MOOE spending with the implementation of the social protection programs of the DSWD, the release of the ₱15.000 billion requirement of the Coconut Farmers and Industry Trust Fund, and payments for Medical Assistance to Indigent and Financially-Incapacitated Patients and Health Emergency Allowance claims under the DOH; and (iv) the higher NTA shares of LGUs.
- Gross borrowings amounted to ₱1.571 trillion, exceeding both the actual borrowings of ₱1.391 trillion for the same period last year and the current year's first-half target borrowings of ₱1.491 trillion. The actual borrowing mix for the first semester of 2024 is 83.0% for domestic and 17.0% for external (foreign) borrowings.

Table 12. Fiscal Position, 2022-2025

(In Million Pesos)

Particulars	Fiscal Program						Fiscal Performance									
	2024	2025	2025 vs. 2024		% Share		2022	2023	2023	Actual (2023 vs. 2022)	2023 Actual vs. Target	S1 2023	S1 2024	S1 2024	Actual (S1 2024 vs. S1 2023)	S1 2024 Actual vs. Target
	Program	Projected	Amount	% Change	2024	2025	Actual	Target	Actual	[c] vs. [a]	[c] vs. [b]	Actual	Target	Actual	[f] vs. [d]	[f] vs. [e]
							[a]	[b]	[c]			[d]	[e]	[f]		
Revenues	4,269,922	4,644,412	374,490	8.8	100.0	100.0	3,545,505	3,729,004	3,824,105	278,600	95,101	1,860,134	2,077,026	2,149,549	289,415	72,523
<i>as % of GDP</i>	16.1	16.2					16.1	15.2	15.7							
Tax Revenues	3,820,309	4,332,603	512,294	13.4	89.5	93.3	3,220,315	3,537,946	3,429,292	208,977	(108,654)	1,667,701	1,861,939	1,835,303	167,602	(26,636)
<i>as % of GDP</i>	14.4	15.1					14.6	14.4	14.1							
BIR	2,848,936	3,232,475	383,539	13.5	66.7	69.6	2,335,674	2,639,174	2,516,987	181,313	(122,187)	1,219,188	1,403,014	1,362,021	142,833	(40,993)
BOC	939,694	1,064,035	124,341	13.2	22.0	22.9	862,420	874,166	883,213	20,793	9,047	433,433	442,621	455,518	22,085	12,897
Other Offices	31,679	36,093	4,414	13.9	0.7	0.8	22,221	24,606	29,092	6,871	4,486	15,080	16,304	17,764	2,684	1,460
Non-Tax Revenues	407,493	210,793	(196,700)	(48.3)	9.5	4.5	323,544	190,558	393,948	70,404	203,390	192,381	215,087	313,835	121,454	98,748
<i>as % of GDP</i>	1.5	0.7					1.5	0.8	1.6							
Privatization	42,120	101,016	58,896	139.8	1.0	2.2	1,646	500	865	(781)	365	52	-	411	359	411
<i>as % of GDP</i>	0.2	0.4					<0.1	<0.1	<0.1							
Disbursements	5,754,255	6,182,125	427,870	7.4	100.0	100.0	5,159,640	5,228,419	5,336,191	176,551	107,772	2,411,850	2,738,817	2,763,456	351,606	24,639
<i>as % of GDP</i>	21.7	21.5					23.4	21.3	21.9							
of which:																
Infrastructure Program	1,472,784	1,538,420	65,636	4.5	25.6	24.9	1,278,467	1,292,730	1,418,959	140,492	126,229					
<i>as % of GDP</i>	5.6	5.4					5.8	5.3	5.8							
Deficit	1,484,333	1,537,713	53,380	3.6			1,614,135	1,499,415	1,512,086	(102,049)	12,671	551,716	661,791	613,907	62,191	(47,884)
<i>as % of GDP</i>	5.6	5.3					7.3	6.1	6.2							
Financing/Borrowings:																
For Deficit	1,484,334	1,537,714	53,380	3.6	57.8	60.4	1,614,135	1,499,415	1,512,086	(102,049)	12,671	551,716	661,791	613,907	62,191	(47,884)
For Loan Repayments	1,263,217	1,202,818	(60,399)	(4.8)	49.2	47.3	197,086	121,944	910,634	713,548	788,690	593,797	906,449	905,559	311,762	(890)
Change in Cash	(177,551)	(195,532)	(17,981)	(10.1)	(6.9)	(7.7)	352,269	585,641	(229,455)	(581,724)	(815,096)	245,753	(77,704)	51,084	(194,669)	128,788
Total Gross Borrowings	2,570,000	2,545,000	(25,000)	(1.0)	100.0	100.0	2,163,490	2,207,000	2,193,265	29,775	(13,735)	1,391,266	1,490,536	1,570,550	179,284	80,014
of which:																
Domestic	1,923,916	2,037,592	113,676	5.9			1,643,399	1,653,500	1,634,230			1,024,825	1,117,889	1,303,138		
<i>borrowing mix (%)</i>	74.9	80.1					76.0	74.9	74.5			73.7	75.0	83.0		
External (Foreign)	646,084	507,408	(138,676)	(21.5)			520,091	553,500	559,035			366,441	372,647	267,412		
<i>borrowing mix (%)</i>	25.1	19.9					24.0	25.1	25.5			26.3	25.0	17.0		
Memo Item: Nominal GDP	26,495,635	28,749,818					22,024,515	24,522,123	24,318,611							

Sources: 2024-2025 BESF and BTR

Notes: (1) Numbers may not tie-up with source file due to rounding; (2) Target amounts under Fiscal Performance refer to adjusted targets; and (3) Change in cash in S1 2023 to 2024 (target & actual) is computed as a balancing figure.

For 2023, the NG incurred a ₱1.512 trillion budget deficit, marking a ₱102.049 billion (6.3%) reduction as compared to the ₱1.614 trillion level in 2022. The narrower fiscal gap for the year was attributed to the increase in revenue collection, surpassing the growth in government spending. However, the 2023 actual budget deficit is slightly higher than the programmed level of ₱1.499 trillion by ₱12.671 billion (0.8%).

- Total revenues reached ₱3.824 trillion, higher by ₱278.600 billion (7.9%) from the previous year; driven by the improvements in both tax and non-tax revenue collections during the year. The 2023 outturn also exceeded the ₱3.729 trillion program by ₱95.101 billion (2.6%) steered primarily by overperformance in non-tax collections. The BIR collected ₱2.517 trillion for 2023, showing an increase of ₱181.313 billion (7.8%) from the previous year's tax collections of ₱2.336 trillion. However, it fell short of the ₱2.639 trillion program by ₱122.187 billion (4.6%) mainly due to the shift in the schedule of filing of the Value-Added-Tax returns implemented in January 2023. The BOC collections were registered at ₱883.213 billion, growing by ₱20.793 billion (2.4%) over last year's ₱862.420 billion and surpassing the ₱874.166 billion target collections for 2023 by ₱9.047 billion (1.0%). The BOC's excess collections may be attributed to its enhanced revenue collection efforts, intensified anti-smuggling measures, and digitalization projects for trade facilitation. Moreover, non-tax revenues reached ₱393.948 billion, reflecting ₱70.404 billion (21.8%) growth year-on-year and ₱203.390 billion (106.7%) higher than the target collections of ₱190.558 billion. The surge in non-tax revenues was attributed to the substantial remittances of dividends from GOCCs, income from investments, interest on NG deposits, and the NG share in the PAGCOR profit.
- Full-year disbursements reached ₱5.336 trillion, higher by ₱176.551 billion (3.4%) than the comparable level of ₱5.160 trillion in 2022 and ₱107.772 billion (2.1%) above the ₱5.228 trillion program for 2023. Spending for infrastructure and other capital outlays (up by ₱189.346 billion year-on-year), as well as PS expenses (up by ₱57.403 billion year-on-year), helped sustain government disbursements in 2023. Moreover, interest payments for 2023 also reached ₱628.333 billion (up by ₱125.475 billion year-on-year), caused by the tightening of global funding conditions and the impact of higher borrowing to provide stimulus during the pandemic.
- Gross borrowings for 2023 amounted to ₱2.193 trillion, exceeding the actual borrowings for 2022 amounting to ₱2.163 trillion, but lower than the programmed borrowings of ₱2.207 trillion for 2023. The actual borrowing mix for 2023 is reported at 74.5% for domestic and 25.5% for external (foreign) borrowings.

IV. Consolidated Public Sector Financial Position

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

As a rule, fiscal policy should be assessed for policy purposes based on general government plus public corporations (whether financial or non-financial) that pose a significant risk to public finances. Given that any public corporation can be a potential source

of fiscal risk, the operations of all public corporations should be reported and monitored to improve transparency and accountability and to help identify any emerging problems (Daniel, 2006).

For the Philippines, the NG estimates that the consolidated public sector deficit (CPSD) is expected to decline from ₱730.326 billion this year to ₱603.849 billion in 2025. This positive outlook is driven by the strong performance of LGUs, SSIs, and GFIs. However, this will be tempered by an increase in the NG budget deficit and a reduction in the budget surplus of the monitored non-financial government corporations.

The government aims to gradually reduce the CPSD to GDP ratio from 2.8% in 2024 to 2.1% in 2025, both below the actual level of 3.2% in 2023.

Table 13. Consolidated Public Sector Financial Position, 2023-2025

(In Million Pesos)

Particulars	2023	2024	2025	2025 vs. 2024	
	Actual	Adjusted	Projected	Amount	% Change
Public Sector Borrowing Requirement	(1,420,212)	(1,417,957)	(1,485,880)	(67,923)	(4.8)
National Government	(1,512,086)	(1,484,334)	(1,537,714)	(53,380)	(3.6)
Monitored Non-Financial Government Corporations	64,065	37,677	23,134	(14,543)	(38.6)
Adjustment in Net Lending and Equity to GOCCs	27,809	28,700	28,700		
Other Public Sector	642,696	687,631	882,031	194,400	28.3
SSS/GSIS/PHIC	273,102	319,530	360,679	41,149	12.9
Bangko Sentral ng Pilipinas	(5,392)	1,000	1,000		
Government Financial Institutions	49,943	56,495	64,397	7,902	14.0
Local Government Units	325,043	310,606	455,955	145,349	46.8
Consolidated Public Sector Financial Position	(777,516)	(730,326)	(603,849)	126,477	17.3
As percentages of GDP:					
<i>Public Sector Borrowing Requirement</i>	(5.8)	(5.4)	(5.2)		
<i>National Government</i>	(6.2)	(5.6)	(5.3)		
<i>Monitored Non-Financial Government Corporations</i>	0.3	0.1	0.1		
<i>Adjustment in Net Lending and Equity to GOCCs</i>	0.1	0.1	0.1		
<i>Other Public Sector</i>	2.6	2.6	3.1		
<i>SSS/GSIS/PHIC</i>	1.1	1.2	1.3		
<i>Bangko Sentral ng Pilipinas</i>	(0.0)	0.0	0.0		
<i>Government Financial Institutions</i>	0.2	0.2	0.2		
<i>Local Government Units</i>	1.3	1.2	1.6		
<i>Consolidated Public Sector Financial Position</i>	(3.2)	(2.8)	(2.1)		
<i>Memo: Nominal GDP</i>	24,318,611	26,495,635	28,749,818		

Source: 2025 BESF

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

V. Debt Service

The total proposed national government debt service expenditures for 2025 amounts to ₱2.051 trillion, with ₱848.031 billion allocated for interest payments and ₱1.203 trillion for principal loan amortization. This figure represents an increase of ₱24.195 billion or 1.2% compared to the current year's adjusted program of ₱2.027 trillion, as indicated in Table 14.

Out of the total debt service expenditure of ₱2.051 trillion in 2025, ₱1.614 trillion or 78.7% will be paid to domestic creditors, and ₱436.780 billion or 21.3% will be paid to foreign creditors.

Table 14. NG Debt Service Expenditures, 2023-2025

(In Million Pesos)

Particulars	2023 Actual	2024 Program	2025 Projection	2025 vs. 2024	
				Amount	%
Interest Payments	<u>628,333</u>	<u>763,437</u>	<u>848,031</u>	84,594	11.1
Domestic	435,742	547,475	629,076	81,601	14.9
Foreign	192,591	215,962	218,955	2,993	1.4
Principal Amortization	<u>942,306</u>	<u>1,263,217</u>	<u>1,202,818</u>	(60,399)	(4.8)
Domestic	821,193	1,020,548	984,993	(35,555)	(3.5)
Foreign	121,113	242,669	217,824	(24,845)	(10.2)
Total	<u>1,570,640</u>	<u>2,026,654</u>	<u>2,050,849</u>	24,195	1.2
Domestic	1,256,935	1,568,023	1,614,069	46,046	2.9
Foreign	313,705	458,631	436,780	(21,851)	(4.8)

Source: 2025 BESF

Note: Numbers may not add up due to rounding.

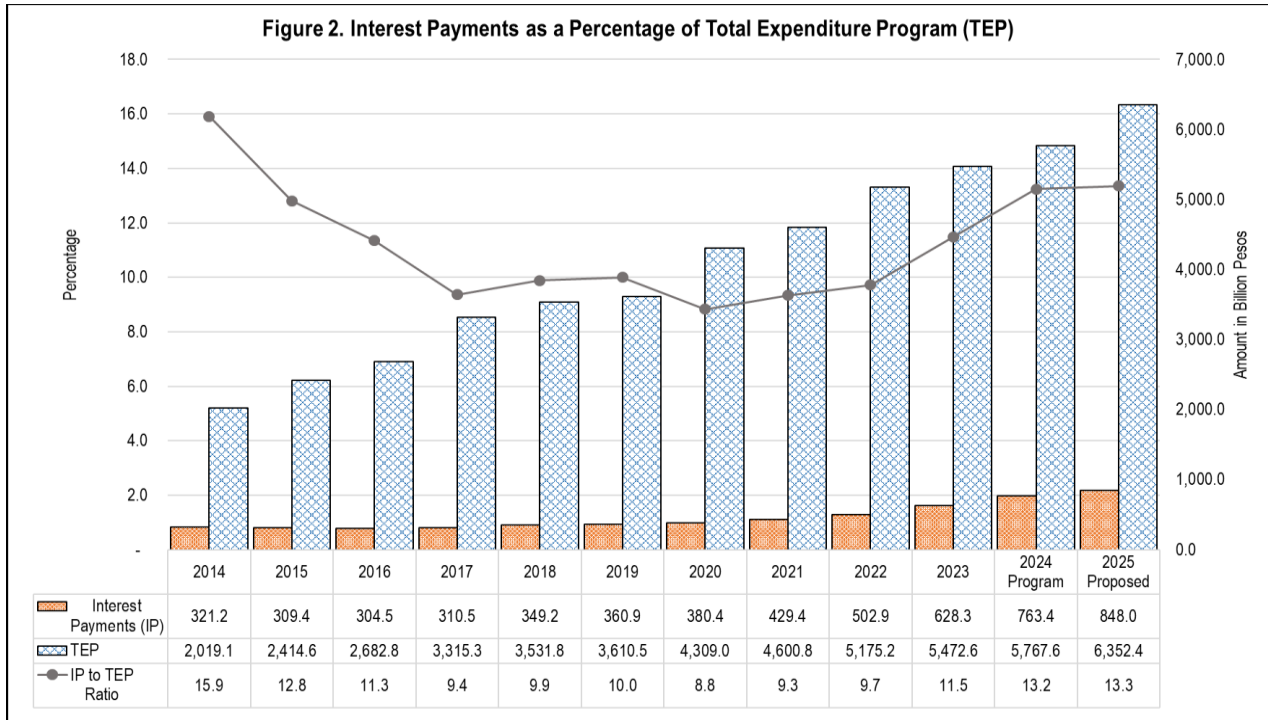
A. Interest Payments

For 2025, spending for interest expenses is projected at ₱848.031 billion, which accounts for 13.3% of the total NG expenditures. Compared to this year's projection of ₱763.437 billion, this reflects a growth of ₱84.594 billion or 11.1%. In 2023, interest payments amounted to ₱628.333 billion, which is ₱135.104 billion or 21.5% lower than the current year's level and ₱219.698 billion or 35.0% lower than the 2025 projection.

- As of the end of June 2024, interest payments amounted to ₱377.228 billion or 49.4% of the full-year program.

The trend of interest payments as a proportion of the total expenditure program in the Philippines from 2014 to 2025 shows a fluctuating yet generally upward trajectory. In 2014, the interest payments accounted for 15.9% of the national expenditure, which decreased to 8.8% by 2020. This decline can be attributed to the government's efforts in prudent fiscal management and refinancing of high-cost debt with lower-interest loans. However, post-2020, there is a noticeable increase, reaching 13.3% of the proposed 2025 budget. The rise in the later years could be due to several factors, including increased borrowing due to the economic impact of the COVID-19 pandemic, higher interest rates globally, and the government's expansionary fiscal policies to stimulate growth.

1. Interest Payment from 2014-2025



Sources: BTr and 2016-2025 BESF

In terms of absolute values, interest payments increased from ₱321.185 billion in 2014 to an estimated ₱848.031 billion in 2025. This rise reflects the growing absolute amount of debt as the government invests in infrastructure, social services, and economic recovery programs. The total expenditure program also grew significantly from ₱2.019 trillion in 2014 to ₱6.352 trillion in 2025, indicating a broadening of government spending to support various sectors of the economy.

B. Principal Loan Amortization

Principal loan amortization is categorized as an off-budget item, which means that it is not included in the NG total expenditure program. For 2025, the NG projects a ₱60.399 billion or 4.8% decline in principal loan amortization from ₱1.263 trillion in 2024 to only ₱1.203 trillion in 2025.

- Out of the ₱1.203 trillion principal amortization for the coming year, ₱983.411 billion will be serviced out of the Bond Sinking Fund, while the balance will be paid through borrowings from both domestic and foreign sources.

The ₱1.263 trillion principal amortization for the current year is higher than the 2023 level of ₱942.306 billion by ₱320.911 billion or 34.1%. As of the end of June 2024, the total principal loan amortization has already reached ₱905.559 billion or 71.7% of the full-year target.

VI. Debt Stock

The total outstanding debt projected for 2025 amounts to ₱17.354 trillion, marking a notable increase of ₱1.297 trillion or 8.1% compared to the current year's level of ₱16.057 trillion. Out of this amount, ₱11.976 trillion or 69.0% is domestic debt while ₱5.378 trillion or 31.0% is foreign debt, as shown in Table 15.

- The total domestic debt is projected to increase by ₱1.053 trillion or 9.6%, reaching ₱11.976 trillion in 2025, up from ₱10.923 trillion in 2024. Similarly, the total foreign debt is also expected to grow by 4.8% or ₱244.558 billion from ₱5.133 trillion in the current year to ₱5.378 trillion in 2025.

Table 15. NG Outstanding Debt, 2023-2025

(In Million Pesos)

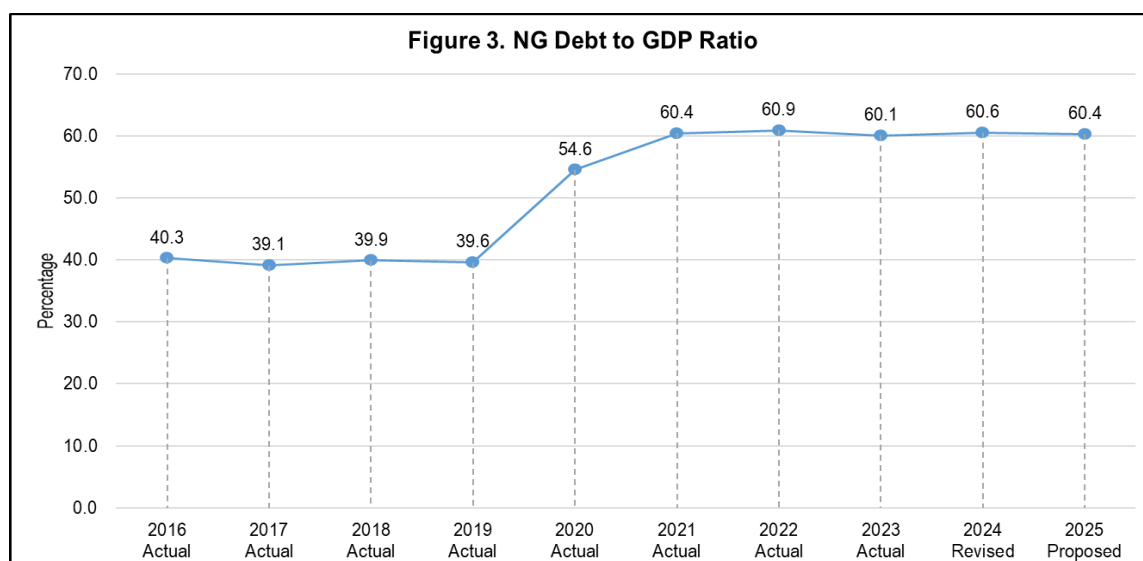
Particulars	2023 Actual	2024 Program	2025 Projection	2025 vs. 2024	
				Amount	% Change
Domestic					
Regular Accounts	10,017,930	10,923,491	11,976,089	1,052,598	9.6
Foreign					
Regular Accounts	<u>4,598,337</u>	<u>5,133,018</u>	<u>5,377,576</u>	244,558	4.8
Total					
Regular Accounts	14,616,267	16,056,509	17,353,665	1,297,156	8.1
Nominal GDP*	24,318,611	26,495,635	28,749,818		
NG Debt/GDP Ratio	60.1	60.6	60.4		

Source: 2025 BESF

*GDP based on BESF Table B.20

From 2016 to 2019, the Philippines enjoyed steady economic growth, which kept the debt-to-GDP ratio stable. However, the COVID-19 pandemic in 2020 disrupted this stability, causing a sharp economic decline. In response, the government significantly increased borrowing to finance pandemic relief efforts, leading to a rise in the debt-to-GDP ratio. This substantial borrowing was directed towards healthcare, social welfare, and economic recovery initiatives. Inflation and fluctuations in exchange rates affected the cost of servicing foreign debt, impacting the overall debt levels.

The debt-to-GDP ratio rose from 39.6% in 2019 to 54.6% in 2020. It further increased to 60.4% in 2021 and 60.9% in 2022. By the end of 2023, there was a marginal decrease to 60.1%. Forecasts indicate a slight rise to 60.6% in the current year, with a potential minor decrease to 60.4% in 2025.



Source: DBM Time Series

- Under the MTFE of the present administration, the NG is committed to a strategic reduction of the debt-to-GDP ratio from 60.6% in 2024 to 56.3% by 2028. This proactive approach aims to maintain the ratio well below the internationally recognized safety threshold of 70.0%, adhering to the guidelines suggested by the International Monetary Fund (IMF). To achieve this objective, the NG will intensify its fiscal consolidation efforts, focusing on enhancing revenue collection and ensuring judicious expenditure of public resources.

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 and it intends to continue this practice in 2025, maintaining a debt mix ratio of 69:31 in favor of domestic debts.

Table 16. Details of Domestic Debt, 2023-2025

(In Million Pesos)

Particulars	2023 Actual	2024 Program	2025 Projection	2025 vs. 2024	
				Amount	% Change
Outstanding Domestic Debt	10,017,930	10,923,491	11,976,192	1,052,701	9.6
Regular Liabilities	10,017,930	10,923,491	11,976,192	1,052,701	9.6
Treasury Bills	529,892	580,942	640,942	60,000	10.3
Fixed Rate Treasury Bonds	4,924,492	5,767,803	6,613,134	845,331	14.7
Benchmark Bonds	1,089,748	1,227,747	1,589,088	361,340	29.4
Retail Treasury Bonds	3,245,360	3,130,983	2,914,642	(216,341)	(6.9)
Retail Dollar Bonds	158,235	160,428	160,531	103	0.1
Tokenized Bonds	15,000				
Agrarian Reform Bonds	5,048	5,432	7,699	2,268	41.8
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: 2025 BESF

Note: Numbers may not add up due to rounding.

- The total domestic debt is projected to reach ₱11.976 trillion in the coming year, with Fixed Rate Treasury Bonds making up the largest portion, amounting to ₱6.613 trillion, or equivalent to 55.2%. Retail Treasury Bonds will constitute ₱2.915 trillion or 24.3% of the domestic debt, while Benchmark Bonds will account for ₱1.589 trillion, representing 13.3% of the overall domestic debt.

Table 17. Outstanding Foreign Debt, 2023-2025

(In Thousand US Dollars)

Particulars	2023 Actual	2024 Program	2025 Projection	2025 vs. 2024	
				Amount	% Change
Outstanding Foreign Debt	82,766,976	89,586,490	95,985,852	6,399,362	7.1
Asian Development Bank (ADB)	14,902,288	16,253,786	18,091,648	1,837,862	11.3
International Bank for Reconstruction and Development (IBRD)	12,287,438	13,725,923	15,169,601	1,443,678	10.5
Asian Infrastructure Investment Bank (AIIB)	1,536,936	3,013,246	2,920,179	(93,067)	(3.1)
International Development Association (IDA)	11,213	8,881	6,693	(2,188)	(24.6)
International Fund for Agricultural Development (IFAD)	112,507	103,478	102,788	(690)	(0.7)
Agence Francaise De Developpement (AFD)	1,043,668	1,283,706	1,376,750	93,044	7.2
French Protocol	3,126	2,156	1,576	(580)	(26.9)
Japan International Cooperation Agency (JICA)	6,953,382	7,145,124	8,909,802	1,764,678	24.7
The Export-Import Bank of China	240,183	227,881	271,024	43,143	18.9
The Export-Import Bank of Korea	564,554	572,172	611,379	39,207	6.9
Public Law 480	65,236	60,391	54,456	(5,935)	(9.8)
US Agency for International Development (USAID)	112	24		(24)	(100.0)
Other External Creditors	213,884	187,122	165,809	(21,313)	(11.4)
Debt Securities for budgetary support	44,832,450	47,002,601	48,304,148	1,301,547	2.8

Source: 2025 BESF

Note: Numbers may not add up due to rounding.

- By the end of 2025, the total foreign debt is projected at ₱5.378 trillion equivalent to US\$95.986 billion. Table 17 shows the breakdown of the outstanding foreign debt for 2023 to 2025 in US dollars.

The surge in outstanding foreign debts can be attributed to additional borrowings obtained from various international creditors, notably the Asian Development Bank (ADB), the International Bank for Reconstruction and Development (IBRD), and the Japan International Cooperation Agency (JICA). These debts will mostly cover financing for proposed initiatives and ongoing projects such as the Expanded Social Assistance (ADB loan), Pension and Insurance Reform Program (ADB), 2nd Digital Transformation Development Policy Loan (DPL) (IBRD loan), 1st Climate Change & Energy Transition Development Policy Loans (IBRD loan), North-South Commuter Railway & Extension Project (JICA), and Metro Manila Subway Project (JICA), among other endeavors.

- Additionally, the projection indicates a rise in borrowings for budgetary support of US\$1.302 billion in 2025 from US\$47.003 billion. This upward trend is the result of the government's initiative to secure funding for its budgetary requirements and development plans.
- As of the end of June 2024, the national government's total outstanding debt was at ₱15.483 trillion, with ₱10.573 trillion (68.3%) attributed to domestic debt and ₱4.910 trillion (31.7%) to foreign debt. At the end of the first quarter of 2024, the national government's outstanding debt was at ₱14.926 trillion, which equates to a debt-to-GDP ratio of 60.2%.

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