Budget Notes

SENATE ECONOMIC PLANNING OFFICE

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Dimensions of the Proposed 2024 National Government Budget

Introduction

The dimensions of the budget encompass the intricate distribution of government resources across sectors, departments and key development programs and projects. An analysis of these dimensions will provide a nuanced understanding of how the budget's different facets interact to impact the country's fiscal and socioeconomic landscape. It can indicate the budget's potential strengths, weaknesses, and overall effectiveness in driving the country's progress in the upcoming fiscal year and the alignment of the budgetary allocations with the overarching national objectives.

The proposed 2024 budget amounts to PhP5.768 trillion. It is 9.5 percent higher than the 2023 budget of PhP5.268 trillion and is estimated to account for 21.7 percent of the gross domestic product (GDP) in 2024. The expenditure program consists of PhP4.302 trillion in new appropriations and PhP1.748 trillion in automatic appropriations.

Table 1. Sources of Appropriation (in PhP billion)
2023 GAA vs. Proposed 2024 NEP

Particulars	2023	2024	Variance	Growth
New Appropriation	4,478.30	4,301.78	-176.6	-3.9
Programmed	3,671.10	4,019.87	348.7	9.5
Unprogrammed	807.2	281.9	-525.3	-65.1
Add: Automatic Appropriation	1,596.90	1,747.8	150.9	9.5
of which:				
Interest Payments	582.3	670.5	88.2	15.1
NTA/IRA	820.3	871.4	51.1	6.2
RLIP	64.2	65.7	1.5	2.3
BARMM	64.8	70.5	5.7	8.8
Special Accounts	22.2	26.5	4.3	19.4
Total Available Appropriations	6,075.20	6,049.5	-25.7	-0.4
Less: Unprogrammed	807.2	281.9	-525.3	-65.1
Total Expenditure Program	5,268.0	5,767.6	499.60	9.5
% to GDP	21.5	21.7		

Source: 2023 GAA, 2024 NEP

New appropriations refer to the amount approved by Congress every budget year through the General Appropriations Act (GAA) while automatic appropriations refer to the funds which are programmed based on existing legislation. These funds are automatically allocated without the need for periodic Congressional action. They encompass interest payments for servicing domestic and foreign debts, the national tax allotment (NTA), formerly known as the internal revenue allotment (IRA), the annual block grant for the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), government employees' retirement and life insurance premiums (RLIP), as well as other various special accounts and funds.

For 2024, the proposed new appropriations is 3.9 percent (PhP176.6 billion) less than the 2023 level, while automatic appropriations is 9.5 percent higher.

Under new appropriations are programmed (PhP4.02 trillion) and unprogrammed (PhP281.9 billion) appropriations. For programmed appropriations, PhP3.286 trillion is allotted for the programs and projects of departments/agencies, while PhP733.3 billion is allocated for Special Purpose Funds, broken down as follows:

- Allocation to Local Government Units (PhP66.3 billion);
- Budgetary Support to Government Corporations (PhP184.0 billion);
- Contingent Fund (PhP13.0 billion);
- Miscellaneous Personnel Benefits Fund (PhP135.7 billion);
- National Risk Disaster Risk Reduction Management Fund (PhP31.0 billion);
- Pension and Gratuity Fund (PhP253.2 billion); and
- Revised Armed Forces of the Philippines (AFP) Modernization Program (PhP50.0 billion).

Meanwhile, unprogrammed appropriations are those that have no corresponding fund sources for the year but are included in the GAA as standby authority to spend when (1) revenue collections exceed targets, (2) new revenues outside the Budget of Expenditures and Sources of Financing (BESF) are realized, and (3) approved loans for foreign-assisted projects become available after the submission of the National Expenditure Program (NEP) by the President to Congress.

For 2024, the level of unprogrammed appropriations is considerably lower by 65.1 percent (PhP525.3 billion) compared to its 2023 level. It is capped at around 5.0 percent of the total expenditure program in accordance with the International Monetary Fund's (IMF) recommendation, aimed at fostering fiscal discipline and stability. By limiting unprogrammed expenditures, countries can better manage their budgets, reduce fiscal risks, and maintain economic stability. This can be especially important in preventing excessive government spending that could lead to budget deficits and economic imbalances.

Unprogrammed appropriations under the proposed 2024 budget are as follows: Assistance for Government Infrastructure and Social Programs (PhP50.0 billion), Budgetary Support to Government-Owned and Controlled Corporations (PhP110.2 billion), Support to Foreign-Assisted Projects (PhP117.7 billion), Risk Management Program (PhP1.0 billion), Public Health Emergency Benefits and Allowances for Health Care and Non-Healthcare Workers (PhP2.4 billion).

Sectoral Allocation

For 2024, a total of PhP5.068 trillion is allotted for Primary Expenditures also called Productive Expenditures. This is an increase of 8.8 percent (PhP411.5 billion) from this year's allocation mainly due to the augmented budget for Social Services and Public Services of PhP178.7 billion and PhP97.4 billion, respectively. While the amount for Primary Expenditures is set to increase, its share of the proposed spending program is set to decrease in contrast to the share of debt service. Not only will debt servicing have a bigger share of the budget in 2024, spending for it will grow by 15.1 percent, much faster than the growth in Primary Expenditures. The PhP88.2 billion budget increase for interest payments is even more than the budget increase to be received by Economic Services as well as the Defense Sector.

Table 2. Expenditure Program by Sector, 2022-2024 (in PhP billion)

Sector	Actual	GAA	Proposed	Share to Total (%)			Growth (%)	
	2022	2023	2024	2022	2023	2024	2022-2023	2023-2024
Primary Expenditure	**4,645.2**	**4,657.0**	**5,068.4**	**89.8**	**88.4**	**87.9**	**0.3**	**8.8**
Economic Services	1,687.4	1,624.2	1,709.4	32.6	30.8	29.6	-3.7	5.2
Social Services	1,885.0	2,004.3	2,183.0	36.4	38.0	37.8	6.3	8.9
Defense	239.0	232.5	282.8	4.6	4.4	4.9	-2.7	21.6
General Public Services	833.7	796.0	893.3	16.1	15.1	15.5	-4.5	12.2
Net Lending	27.2	28.7	28.7	0.5	0.5	0.5	5.5	0.0
Debt Service Interest Payments	502.9	582.3	670.5	9.7	11.1	11.6	15.8	15.1
Total Appropriations	**5,175.2**	**5,268.0**	**5,767.6**	**100.0**	**100.0**	**100.0**	**1.8**	**9.5**
% share to GDP	*23.5*	*21.5*	*21.7*					

Source: 2024 BESF

Economic Services. Economic Services will receive PhP1.71 trillion or an PhP85 billion budgetary boost in 2024. Bulk of the budget (63.2 percent) is accounted for by infrastructure-related sectors (e.g., power and energy, water resource development, and communications, roads, and transport services). This aligns with the current administration's commitment to maintaining infrastructure spending at 5.0 percent to 6.0 percent of GDP until 2028 under the Build Better More (BBM) Program.[1]

The allocation for Agriculture and Agrarian Reform gets the third largest share in the Economic Services budget, accounting for 11.6 percent. This is in accordance with the goals outlined in the Philippine Development Plan (PDP) 2023-2028, aimed at ensuring food security, improving nutrition, and modernizing agriculture and agribusiness in response to global food shortages and rising inflation. However, the most significant increases were observed in the sub-sectors of Trade and Industry and Natural Resources and Environment, with their allocations rising by 19.6 percent and 13.1 percent, respectively.

Ensuring Food Security. Ensuring food security is a top government priority outlined in the 8-Point Socioeconomic Agenda. Strengthening the agriculture and fisheries sector is vital for achieving this goal. In the 2024 budget, a substantial PhP197.8 billion is allocated for agriculture and agrarian reform. In 2023, the sector secured a substantial budget increase and is expected to receive an additional 6 percent boost in funding in 2024.

[1] The BBM Program is the continuation of the government infrastructure program that started under the Build, Build, Build (BBB) Program in 2016 to 2022. It targets infrastructure spending to reach 5.0 percent to 6.0 percent of GDP annually with a more diversified funding strategy and strategic utilization of public-private partnerships (PPPs) for infrastructure flagship projects identified by the NEDA (BSP, January 2023).

Despite a modest 2.2 percent growth in the first quarter of 2023, the Agriculture, Fisheries, and Forestry (AFF) Sector still faces challenges in achieving food security. The 2022 Global Food Security Index[2] paints a telling picture, with the country positioned 67th out of 113 surveyed nations. Unfortunately, farmers and fishers, integral to the sector, continue to be among the country's most vulnerable groups.

Table 3. Expenditure Program for Economic Services, 2022-2024

Particulars	in PhP billion			Share to Total (%)			Growth (%)	
	2022	2023	2024	2022	2023	2024	2022-2023	2023-2024
Agriculture, Agrarian Reform	149.6	186.5	197.8	8.9	11.5	11.6	24.6	6.1
Natural Resources and Environment	26.0	24.9	28.2	1.5	1.5	1.6	-4.3	13.1
Trade and Industry	12.8	9.8	11.7	0.8	0.6	0.7	-23.5	19.6
Tourism	5.3	6.4	5.3	0.3	0.4	0.3	21.4	-16.9
Power and Energy	17.7	15.0	16.1	1.1	0.9	0.9	-15.5	7.1
Water Resources Development and Flood Control	112.2	116.6	107.6	6.7	7.2	6.3	3.9	-7.7
Communications, Road, and Other Transport	914.9	906.8	957.6	54.2	55.8	56.0	-0.9	5.6
Other Economic Services	113.2	46.9	53.7	6.7	2.9	3.1	-58.6	14.5
Subsidy to LGUs	335.7	311.4	331.4	19.9	19.2	19.4	-7.2	6.4
TOTAL	1,687.4	1,624.2	1,709.4	100.0	100.0	100.0	-3.7	5.2

Source: 2024 BESF

Among the Government-Owned and Controlled Corporations (GOCCs) operating under the Department of Agriculture (DA), the National Irrigation Administration (NIA) commands the highest budget of PhP41.3 billion, geared toward addressing water scarcity and enhancing resilience against climate-related challenges like the El Niño phenomenon. However, there is a concern regarding the skewed distribution of irrigation investments, which tend to favor rice-centric areas and may hinder the potential growth of high-value crops. Meanwhile, the National Soil Health Program (NSHP) continues to receive consistent funding, receiving PhP0.3 billion in 2023 and a proposed PhP0.9 billion for 2024. Its central aim is to restore degraded soil sustainably, amplifying crop production and uplifting farmers' livelihoods. The NSHP's strategy encompasses the establishment of a national soil database and monitoring system, pivotal steps in the endeavor to rejuvenate and enrich depleted soils.

In response to the spike in fish prices, the Boosting Aquaculture Output Program seeks an additional PhP211 million in its budget to achieve a targeted 10 percent increase in local fish production and bridge supply gaps. The National Fisheries Program will get PhP6.9 billion to enhance agri-fishery practices, product quality, and incomes for farmers and fisherfolk. Simultaneously, the National Fisheries Development Authority is poised for a significant increase to PhP4.9 billion—twice its 2023 budget—to elevate fish ports across the country.

[2] Global Food Security Index, Economist Impact.

Moreover, to address challenges like elevated marketing costs and postharvest losses, the government invests in essential public infrastructure. The Farm-to-Market Road Program secures PhP17.3 billion for the construction of 1,144.58 kilometers of roads. These roads play a pivotal role in linking farms to markets, especially in regions with pronounced poverty rates and for farmers registered in the Registry System for Basic Sectors in Agriculture (RSBSA).

Finally, a robust system for monitoring and evaluating agricultural public spending is of utmost importance. The evaluation could critically examine the government's effectiveness in generating outcomes that measure the impact and sustainability of initiatives funded by the public. Currently, evaluation is often lacking in government programs and is not given the emphasis it deserves.

Addressing Climate Change. In 2024, the drive to combat climate change gains substantial momentum, as funds allocated for these vital measures surge to a robust PhP543.45 billion—a 17-percent leap from the preceding year. This surge notably outpaces the administration's pledged minimum annual increment of 15 percent, underscoring its commitment to the cause. A significant share, accounting for 69 percent or PhP374.89 billion, is channeled into adaptation initiatives, while the remaining PhP168.55 billion or 31 percent is strategically allocated to fortify mitigation programs.[3] This budgetary pivot in climate endeavors diverges from the historical five-year average ratio of 94:6 (with 94 percent designated for adaptation and 6.0 percent for mitigation), illustrating the government's firm resolve in pursuing an ambitious mitigation target—avoiding and reducing greenhouse gas (GHG) emissions by 75 percent by 2030, as articulated in the country’s first Nationally Determined Contribution (NDC).

However, it would be worthwhile to know (1) if the government is on track to meeting its target of mitigating GHG emissions from unconditional policies and measures[4] (5.06 MtCO2e[5] by 2023; 5.59 MtCO2e by 2024, among annual targets) as indicated in the PDP 2023-2028, as well as from its conditional policies and measures,[6] and (2) to what extent the government budget will cover NDC targets. Moreover, alignment of adaptation activities to achieve equitable adaptation outcomes for the most vulnerable populations, such as reduced number of deaths and affected persons attributed to disasters, increased forest cover, and increased employment from resource-based enterprises under the PDP 2023-2028, as well as reduced economic losses, damage to critical infrastructure, and disruptions to basic services, among other objectives, must be established.

The total climate budget captures 9.4 percent of the total national budget and about 2.0 percent of the projected GDP for the impending year. Leveraging support from the private sector, research institutions,

[3] Climate change adaptation measures, which address the impacts of climate change, range from establishing early warning systems, to making new infrastructure resilient, switching to more drought- or flood-tolerant crops, and restoring ecosystems to cope with climate change, among others. Climate change mitigation measures reduce or avoid GHG emissions in the atmosphere by adopting renewable energy sources, promoting sustainable transport, improving energy efficiency, and restoring forests and landscapes, among other measures.

[4] Unconditional policies and measures refer to those which can be undertaken using nationally mobilized resources.

[5] Metric tons of carbon dioxide equivalent.

[6] Conditional policies and measures refer to those which require support or the means of implementation under the Paris Agreement (i.e., climate finance, technology transfer).

and innovative technologies is crucial to amplify the impact of the allocated funds. Moreover, as large-scale low emissions development requires significant and sustained investments, the government, aside from ensuring continued and scaled-up budgetary support, should aggressively seek out various sources of financing such as bilateral assistance, multilateral climate funds, and private sector investments, especially for the agriculture, water, energy, transport, and industry sectors.

Among the strategic priorities of the National Climate Change Action Plan, Water Sufficiency[7] (PhP294.46 billion) continues to receive the biggest allocation. This is largely due to the Flood Management Program of the Department of Public Works and Highways (DPWH) amounting to PhP215.6 billion. As climate change is already disrupting rainfall patterns and may exacerbate the impacts of the El Niño phenomenon that affect water availability, rainwater storage, and harvesting must be a priority in the water sector.

Spending for Sustainable Energy[8] remarkably increased to PhP180.72 billion, an over three-fold increase from the PhP54.44 billion allocation this year. Meanwhile, budget for Food Security[9] of PhP40.2 billion and Climate-Smart Industries and Services[10] of PhP6 billion, both indicating an 11.0 percent increase from this year's level. Given the severe impact of climate change on agriculture, it is crucial to focus on building sustainable and resilient value chains.

Meanwhile, funding for Ecosystem and Environmental Stability increased by only 5.0 percent, while funding for Human Security saw a significant decline of 31.4 percent. The government needs to scale up investments in these two areas, as these priorities would also directly affect the most vulnerable populations who tend to live in fragile, degraded, and disaster-prone environments. Untapped finances, focus on response rather than prevention, and lack of shock-responsive social protection system are some of the challenges that must be addressed in disaster risk reduction and management.

On Knowledge and Capacity Development,[11] allocation has surged from PhP947.8 million this year to a thirteenfold increase of PhP13 billion next year. Spending on this aspect could enable the government to: (1) improve its technical and institutional capacity to design, implement, monitor and evaluate, and mobilize resources for low emissions and climate-resilient development programs and projects; (2) enhance the capacity of government agencies concerned to collect, analyze, apply, and report climate risk information for appropriate response actions; and (3) disseminate knowledge across sectors, stakeholders, and communities for a more informed and collective climate action.

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[7] Programs, Activities and Projects (PAPs) under Water Sufficiency include flood control programs, water resources supply and demand assessment, and implementation of rainwater harvesting technologies, among others.
[8] PAPS under Sustainable Energy include promotion of renewable energy resources, comprehensive regional energy study, and biofuels program, among others.
[9] PAPs under Food Security include Climate Resilient Farm Productivity Support, Organic Agriculture Program, and R&D programs, among others.
[10] PAPs under Climate Smart Industries and Services include bamboo industry development, trainings on sustainable livelihoods, and promoting green tourism, among others.
[11] PAPs under Knowledge and Capacity Development include conduct of researches, development of climate change-focused curricula, and awareness raising programs, among others.

While climate budget tagging has been implemented since 2016, a rigorous evaluation study has yet to guide a more strategic spending that will not only ensure the achievement of climate resilience outcomes, but also contribute toward the attainment of sectoral and national sustainable development objectives.

Table 4. Climate Change Expenditures by National Climate Change Action Plan

NCCAP Strategic Priorities	in PhP billion 2022 (Actual)			in PhP billion 2023 (GAA)			in PhP billion 2024 (NEP)		
	Adaptation	Mitigation	Total	Adaptation	Mitigation	Total	Adaptation	Mitigation	Total
Food Security	19.76	.12	19.88	32.36	3.88	36.24	37.52	2.66	40.18
Water Sufficiency	303.48	-	303.48	357.30	-	357.30	294.46	-	294.46
Ecosystem and Environmental Stability	4.18	2.98	7.16	2.16	3.49	5.65	2.49	3.46	5.95
Human Security	1.98	-	1.98	3.76	-	3.76	2.58	-	2.58
Climate-Smart Industries and Services	3.43	3.11	6.55	3.29	2.14	5.43	3.57	2.46	6.02
Sustainable Energy	6.67	97.29	103.97	10.94	43.50	54.44	20.81	149.91	180.72
Knowledge and Capacity Development	1.46	-	1.46	.95	-	.95	12.95	.03	12.97
Cross-Cutting	.38	.00	.91	.45	.28	.73	.50	.05	.55
TOTAL	**341.35**	**103.51**	**444.86**	**411.21**	**53.29**	**464.50**	**374.89**	**168.55**	**543.45**

Source: 2024 BESF Table B22

Revitalizing Trade and Industry. In order to pump-prime the Philippines amid the slowdown in advanced economies, the government aims to boost spending on trade and industry by 19.6 percent to reach PhP11.7 billion (see Table 3). Although it falls short of the sector's actual spending in 2022, the proposed budget hike for trade and industry is the largest (19.6 percent) among other economic services. This highlights the government's commitment to boosting employment and income opportunities for the population, aligning with its aim to attain upper-middle-income status in the near future.

In pursuit of the aforementioned objective, a total of PhP5.3 billion is earmarked for the Department of Trade and Industry's (DTI) programs and projects in 2024. This increased funding for exports and investment development is in harmony with DTI's mission to position the country as a dynamic export leader, aligning with the objectives outlined in the Philippine Export Development Plan 2023-2028. Furthermore, this allocation is anticipated to enhance resilience against external shocks resulting from ongoing geopolitical tensions.

For example, this budget will reinforce initiatives focused on expanding trading networks by forging new agreements with countries such as India, the United Arab Emirates (UAE), Canada, and the European Union (EU), among others. It will also encourage the utilization of existing Free Trade Agreements (FTAs), including the Regional Comprehensive Economic Partnership (RCEP) Agreement and the Association of Southeast Asian Nations (ASEAN)+1 FTAs.

Given the subdued state of the global investment market in 2023, the proposed additional funding for the Board of Investments (BOI) will provide support to the government's endeavors to attract both international and domestic investments. These budgetary adjustments are a response to the DTI's previous underperformance in achieving its targets for the number of exports and approved investments, with the goal of narrowing this performance gap.

On the domestic side, the government remains steadfast in its commitment to sustain the initiatives and endeavors of the DTI that promote inclusive growth. As such, the DTI continues to allocate the second-highest funding to support the development of micro, small, and medium enterprises (MSMEs), recognizing their vital role in the business landscape. MSMEs constitute approximately 99 percent of all business enterprises and account for around 60 percent of total employment, contributing more than 35 percent of the total value added to the economy.

Table 5. DTI Major Programs and Projects, 2023-2024 (in PhP million)

Particulars	2023	2024 Proposed	Growth (%)
Department of Trade and Industry	**5,002.0**	**5,318.7**	**6.3**
Programs			
Exports and Investment Development	773.4	956.7	23.7
Industry Development	529.9	449.3	-15.2
MSME Development	736.8	734.1	-0.4
Consumer Protection	443.6	439.5	-0.9
Consumer Education/Advocacy	82.8	76.7	-7.4
Projects			
Go Negosyo	486.8	454.3	-6.7
Shared Service Facilities	80.4	579.5	620.7

Source: 2023 GAA, 2024 NEP

Continued budgetary support likewise extends to GOCCs entrusted with fostering trade and industry development. These include economic zone authorities, freeport zones, as well as the Small Business Corporation (SBCorp), an attached agency of the DTI. The SBCorp for instance, provides financing support to micro entrepreneurs through its *Pondo sa Pagbabago at Pag-Asenso* (3P) Program, which is allotted PhP1.5 billion in 2024.

Notably, there has been a substantial increase in funding allocated to the Shared Service Facilities (SSF) Project, which aims to enhance the competitiveness and productivity of MSMEs by facilitating equipment-sharing arrangements with private sector partners, known as cooperators. As of June 2023, the government has financed the establishment of 2,876 facilities, benefiting 616,367 MSMEs and estimated to have created 335,693 jobs nationwide. The SSF has played a pivotal role in supporting key industry clusters such as processed food, coffee, cacao, dairy, coconut, abaca, bamboo, metal, and rubber. These statistics emphasize the Project's substantial potential to act as a catalyst for domestic growth and development, a reality recognized by the notable increase in proposed funding for 2024.

Another major project is the establishment of Go Negosyo Centers. With around 1,374 Go Negosyo Centers around the country and counting, these centers serve as one-stop shops that promote ease of doing business and facilitate MSMEs' access to markets, technology, and entrepreneurial skills training. This continued expansion of the Go Negosyo network is seen to help address geographical challenges to accessing allocated funds dedicated for financing. With this support, smaller businesses can get a better chance at thriving and collectively contributing to overall job creation and economic growth.

While the downward adjustment for other major programs of the DTI were modest, it was the Industry Development Program that bore the brunt of the budget cuts with a 15.2 percent reduction. Since the industry's outcome and output indicators for 2022 were all exceeded, it appears that this stellar performance allowed the DTI some flexibility to prioritize other programs in the meantime. As such, the budget adjustment effects on projects for the industry (e.g., Industry 4.0 Pilot Factory, Regional Inclusive Innovation Centers) and MSME development (e.g., SME Academy and Innovation Center) under the Inclusive Innovation Industrial Strategy (i3S) which promote digital transformation and sustainability are expected to be minimized.

To fully benefit from the proposed budget, the DTI must ensure stronger cooperation with its regional units to facilitate cohesion in implementation. Noting that businesses away from city-centers may have the least access to financial and technical support, this coordination will be crucial as the government aims to foster sustainable and inclusive growth through trade and investment.

Reducing Transport and Logistics Costs. The government is committed to keeping public infrastructure spending at 5.0 percent to 6.0 percent of GDP over the medium term. For 2024, total public infrastructure spending will amount to PhP1.418 trillion, equivalent to 24.6 percent of the proposed national budget. Public infrastructure investment is imperative as government continues to address high logistics, transport, and energy costs which all exert upward pressure on the prices of goods and services. Moreover, back in 2018, the Japan International Cooperation Agency (JICA) estimated that the country loses around PhP3.5 billion daily in lost opportunities due to traffic congestion. It was further estimated that the cost could rise to PhP5.4 billion by 2035 if no interventions are made, particularly in Metro Manila.

Spending on Economic Services includes infrastructure spending. A little more than 60 percent (PhP1.1 trillion) of the total amount for economic services is appropriated as follows:

- PhP957.6 billion for communications, roads, other transport services;
- PhP107.6 billion for water resource development and flood control services; and
- PhP16.1 billion for power and energy services.

The DPWH will get an allotment of PhP822.2 billion, which is 8.1 percent lower than its 2023 appropriation. Even with a reduced allocation for 2024, the infrastructure agency maintains its position as the second-highest funded agency in the government. The top three major programs of the DPWH in terms of allocation are the Flood Management Program, Converge and Special Support Program (CSSP), and Network Development. These three account for 62.6 percent of the agency's operations budget for 2024.

Table 6. DPWH Major Programs and Projects, 2023-2024 (in PhP billion)

Particulars	2023 GAA	2024 Proposed	Growth (%)
Department of Public Works and Highways	893.1	822.2	**-7.9**
Asset Preservation	124.6	115.6	-7.2
Network Development	116.3	148.1	24.2
Bridge Program	29.3	45.8	46.8
Flood Management	183.0	215.6	17.8
Local Program	---	25.2	
Converge and Special Support Programs	388.3	174.1	-55.2

Source: 2023 GAA, 2024 NEP

Under the CSSP, the proposed budget allocates funds for the construction, improvement, and rehabilitation of the following infrastructure: access roads leading to airports (PhP881.8 million); seaports (PhP1.7 billion); railways stations (PhP58.1 million); tourist destinations (PhP14.0 billion); trade, industries, and economic zones (PhP10.0 billion); major/strategic public buildings/facilities (PhP32.1 billion); indigenous people communities (PhP226.0 million); disaster-related infrastructure (PhP1.0 billion); water supply, sewage, rainwater collection systems (PhP2.0 billion); infrastructure in support of national security (PhP3.8 billion); facilities for persons with disabilities, senior citizens (PhP480 million); roads that traverse multiple LGUs (PhP4.3 billion); flood mitigating structures (PhP22.9 billion), coastal roads (PhP2.6 billion), and infrastructure that support social services (PhP27.7 billion).

Notwithstanding the need to invest more in infrastructure and in line with the effort to improve efficiency in government spending, clarification must be sought as to the redundancy of some expenditure items (e.g., flood mitigating structures, coastal roads, etc.) under the CSSP with other major programs (e.g., Flood Management and Control, Network Development) of the DPWH.

The annual budget of the DPWH likewise includes allocation for the Public-Private Partnership (PPP) Strategic Support Fund. For 2024, PhP10.0 billion is allotted for the fund which is significantly more than PhP1.4 billion appropriated in the 2023 GAA. The PPP Strategic Support Fund is used for right-of-way acquisition, fees and charges as may be imposed by the Bureau of Internal Revenue (BIR), and other incidental expenses for PPP projects, as well as reimbursement to the Project Development and Monitoring Facility Fund for 21 PPP projects currently overseen by the DPWH.

In light of the DPWH budget allocation across its programs and projects, several critical issues demand attention. First, there is a need to ensure that DPWH budget priorities align effectively with the country's core infrastructure needs, including healthcare, education, and disaster resilience. Second, optimizing budget execution and addressing potential delays in project implementation is imperative for efficient resource utilization. Additionally, the significant increase of PhP10.0 billion for the PPP Strategic Support Fund in 2024 highlights the importance of robust transparency measures in project selection and monitoring. Evaluating project outcomes, their impact on economic growth and job creation, and their contribution to long-term sustainability is equally vital.

Finally, it is crucial to underscore the importance of considering sustainability and resilience in infrastructure development, especially in the context of rural areas where many projects, such as roads and bridges, have faced persistent issues of low quality. Climate change and natural disasters pose increasingly pressing challenges to the rural infrastructure. In many cases, substandard construction practices and inadequate durability planning have left these projects susceptible to rapid deterioration and damage during extreme weather events. Therefore, addressing the quality and resilience of rural infrastructure is not merely a matter of convenience but a necessity to ensure the safety and well-being of rural communities, promote economic growth, and safeguard public investments against the growing threats of climate-related disruptions.

The Department of Transportation (DOTr), on the other hand, gets more than a 100 percent increase in its allotment which totals PhP214.3 billion for 2024. Much of the increase is on account of the additional allotment for its railway programs which includes North-South Commuter Railway System (PhP76.3 billion) and the Phase 1 of the Metro Manila Subway (PhP68.4 billion).

Table 7. DOTr Major Programs and Projects, 2023-2024 (in PhP billion)

Particulars	2023 GAA	2024 Proposed	Growth (%)
Department of Transportation	**106.0**	**214.3**	**102.2**
Rail Transport Program	48.8	163.8	235.6
Land Public Transport	7.4	6.4	-13.6
Aviation Infrastructure	3.1	6.1	97.1
Maritime Infrastructure	1.1	1.0	-12.4

Source: 2023 GAA, 2024 NEP

While increasing budgetary allocations for mass transport systems such as rails must be deemed worthwhile, benefits from new projects will accrue in the future. Meanwhile, there is the current need to address the pressing problems faced by commuters daily. Thus, it might also be worthy to note that the allocation for the establishment of active transport facilities (i.e., construction of bike lanes and safe and accessible pedestrian pathways) is reduced to PhP500 million in the proposed DOTr budget (from PHP705 million in 2023 GAA). Likewise, the allocation for fuel subsidies for qualified drivers (i.e., PUV, taxi, tricycle, ride-hailing, and delivery) is reduced to PhP2.5 billion from PhP3.0 billion in 2023 GAA. The PUV Modernization program, which was prioritized during the Duterte administration, does not have an allocation in the proposed budget of the DOTr for 2024.

Reducing Energy Costs. Ensuring that energy remains affordable, given the inherent volatility of the energy market in the world today, remains an important part of the government's platform. To this end, the government has allocated PhP3.5 billion in 2024 to subsidize the fuel costs of the poorest and most vulnerable sectors of the economy in case global fuel prices escalate beyond certain thresholds. Of this amount, PhP2.5 billion will be used to provide financial assistance or fuel vouchers to public utility vehicle, taxi, tricycle, delivery service, and ride-hailing service drivers as identified by the relevant government agency. The amount of PhP510 million will also be allocated for fuel assistance to farmers that use farm machinery, provided that said farmers are listed in the RSBSA. Another PhP490 million will also be allocated as fuel assistance to fisherfolk who use duly registered motorized fishing vessels and are listed in the RSBSA. Note, however, that all these fuel subsidy measures, whether for the transport sector or the agricultural sector, will only be triggered if the average Dubai crude oil price based on the Mean of Platts Singapore exceeds USD80/barrel for three months.

For the fiscal year 2024, an approximate 280,000 operators and drivers are poised to reap the benefits of these fuel subsidies. An integral part of this endeavor is a proposed nominal increase of 40 percent in the subsidy rate, translating to PhP12,000 for Modernized Public Utility Jeepneys (MPUJ) and Modernized Utility Vehicle Express (MUVE), and PhP8,400 for other modes. This augmentation is strategically designed to extend operational days, ranging from 22 days to 24 days for MPUJ and MUVE, and 4 days to 15 days for other modes. These changes cater particularly to public transportation modes that accommodate to a larger demographic of beneficiaries, including commuters.

However, the preceding year's execution of the program encountered challenges attributed to the intricate implementation processes. An array of delivery methods was explored to channel the fuel subsidies to the beneficiaries such as fuel cards, e-wallets, bank accounts, and over-the-counter payments. Some beneficiaries, especially tricycle drivers, were confronted with difficulties in adjusting to this approach due to their limited financial and technological capacity to avail bank accounts and e-wallets. Moreover, a significant time frame of 3 months to 4 months is allotted to produce fuel cards due to procurement protocols, adding a layer of complexity to the program's swift implementation.

A further challenge emerged in identifying the appropriate authorities to oversee different aspects of the program. This complexity is largely attributed to the involvement of multiple agencies in the execution process, including the LGUs and Department of the Interior and Local Government (DILG) for tricycles, DTI for delivery services of perishable goods, and Department of Information and Communications Technology (DICT) for delivery services of parcels. In light of these intricate implementation challenges, addressing the multifaceted aspects of the program's execution becomes paramount. Finding effective solutions to streamline processes, accommodate beneficiaries with limited resources, and enhance coordination among multiple agencies is essential to ensure the program's smooth and efficient delivery.

For more long-term and sustainable solutions to the issue of rising energy prices, while also addressing the need to use energy sources that are less harmful to the environment, the government will also continue to invest in developing and promoting the use of renewable energy, allocating some PhP156 million for this purpose, as well as PhP85 million for research and development of alternative fuels and technologies. The key pillars of the country's push toward renewable energy are through the implementation of the Renewable Energy (RE) Act of 2008 (Republic Act No. 9513) and the National Renewable Energy Program (NREP) 2020-2040 Framework and Roadmap. Accelerating RE development and utilization reduces GHG emissions and dependence on imported energy resources. This also minimizes the country's exposure to global price fluctuations, making the supply and delivery of electricity more stable and secure.

The NREP 2020-2040 has set a target of 35 percent of the country's installed capacity to come from RE by 2030 and 50 percent by 2040. As of year-end 2022, RE accounts for 29 percent of installed capacity, led by hydropower (13%), geothermal (7%), and solar (5%). Biomass and wind power are also on the rise with around 2 percent of nationwide installed capacity at present. The government utilizes a mix of policies and incentives to promote the RE industry including the implementation of a Feed-in Tariff (FIT) mechanism, renewable portfolio standards, establishing a renewable energy market, and preferential dispatch of RE generating units, among others. Meanwhile, PhP260 million will be spent on the government's Energy Efficiency and Conservation Program which should also result in lower energy consumption, lesser GHG emissions, and greater savings in the long run.

Some implementation issues facing the development of the RE sector in the country include the complex and lengthy permitting process, delayed implementation of grid expansion projects, and limited access to financing for RE projects proposed by smaller players. The Energy Virtual One-Stop Shop (EVOSS) should help reduce the time and effort involved in the permitting process. Stricter oversight from Congress and the regulators might be needed to be exercised over the National Grid Corporation of the Philippines (NGCP), the concessionaire operating the national grid, to ensure that the grid expansion program moves forward.

Promoting Digitalization. The rapid stride of technology propels the government into a resolute march toward full-scale digitalization. A robust infusion of PhP7.2 billion into the DICT underscores this unwavering commitment. In addition to their allocations, PhP2.5 billion, sourced from the Spectrum Users Fees, catapults the expansion of Free Internet Wireless Fidelity (Wi-Fi) across more territories, while PhP1.7 billion fortifies the National Government Data Center. A formidable PhP998 million fuels ICT development, breathing life into the digital landscape, and PhP303 million earmarked for the National Government Portal (NGP) catapults public internet access to new heights.

Central to this pursuit is the allocation of PhP1.5 billion to the National Broadband Plan, an electrifying surge in internet speed coupled with cost reduction. This ambitious plan propels the nationwide deployment of fiber optic cables, opening the doors to an epoch of rapid, economical, and dependable broadband access. In an inclusive spirit, it democratizes internet availability, weaving digitalization's embrace into the fabric of every Filipino's daily life.

Further, the process of digitalization can also assist the government in constructing improved data systems, leading to the development of enhanced initiatives like more precise social welfare programs facilitated by the Philippine National Identification (ID). With PhP1.6 billion allocation, the government hopes to expedite the distribution of the National ID through the Philippine Identification System (PhilSys) Act (Republic Act No. 11055).

The amount of PhP146 million will enhance the Ease of Doing Business and Efficient Government Service Delivery Act of 2018 (Republic Act No. 11032). The Philippine Business Hub-Central Business Portal (PBH-CBP) is an online one-stop-shop for all business registration needs. The CBP aims to eliminate long lines for in-person transactions by moving them online, making the process faster. This will save time, energy, and resources for Filipinos. It will mainly focus on organizations like the Securities and Exchange Commission (SEC), DTI, BIR, and other social agencies. Simultaneously, PhP4.2 billion fortifies the

Department of Foreign Affairs' (DFA) ePassport Program, while PhP2.0 billion amplifies the expansion of E-Gates at international ports, a formidable stride within the purview of the Bureau of Immigration (BI).

The DICT aims to achieve equitable digital access through several strategies: (1) improving digital infrastructure in remote areas to bridge gaps in broadband and mobile connectivity; (2) collaborating with the private sector to extend digital services to underserved groups, addressing specific socioeconomic needs; (3) empowering local communities to establish their own internet access solutions through community connectivity programs; (4) educating diverse socioeconomic backgrounds in effective digital tool usage through digital literacy and training; and (5) promoting tailored digital content to cater to varied needs, encouraging broader adoption.

The E-Government Masterplan (EGMP) 2022 developed by the DICT outlines a plan to create a connected ICT network and systems in government. It aims to enhance transparent governance by digitally transforming essential services, including process simplification, faster access to accurate information, cost reduction, and improved transparency. EGMP 2022 seeks to provide better public services by enhancing coordination, simplifying procedures, enhancing government employees' ICT skills, and engaging citizens. This prepares government agencies to implement a connected e-Government system for more effective services to citizens and businesses.

The establishment of the NGP will help improve access to all government information, services, and processes. The NGP also helps different government agencies work together and provide faster and better public service. Its main goal is to be a one-stop place for government data and services, using technology to make government services better and more user-friendly.

The Medium-Term Information and Communications Technology Harmonization Initiative (MITHI) is an e-Government and ICT assistance program that coordinates and ensures compatibility among the ICT resources, plans, and projects of National Government Agencies (NGAs), GOCCs, and State Universities and Colleges (SUCs). MITHI aims to enhance the success of ICT projects, allowing agencies to deliver their services to clients and the public more effectively.

The successful implementation of digital transformation initiatives in the Philippines could face several potential challenges. These include the digital divide, arising from unequal technology access across regions and social groups, which can hinder widespread digital service adoption and effectiveness. Additionally, limited digital literacy can lead to improper use of services, while data privacy concerns, like breaches and cyberattacks, may decrease trust in digital systems. Complex bureaucratic processes can slow digital initiatives, and ensuring compatibility among government systems introduces technical challenges. Budget constraints may limit project scope, and achieving equal digital access for all requires extra effort. Navigating regulations, like data protection laws, can also be complex. Ensuring the long-term success of digital efforts requires careful planning and resource allocation.

***Social Services*.** Under the 2022-2028 Medium-Term Fiscal Framework (MTFF), the national government has set its sights on decreasing poverty rate to 9.0 percent by 2028 from 18.1 percent in 2021. This target, however, is situated within the context of a fragile and uneven recovery from the pandemic, setbacks in sustainable development, and risks of future shocks—health emergencies and hazards associated with disasters and climate change—that, like the pandemic, can erode human capital across the life cycle and contribute to the persistence of inequality.

Hence, the Social Services Sector, composed of Health, Education, Culture and Manpower Development, Social Security, Welfare and Employment, and Housing and Community Development, among other social services, continues to be a top priority among sectors in the proposed 2024 National Budget. It will receive an allocation of PhP2.18 trillion, 8.9 percent higher than the 2023 level. It is equivalent to 37.8 percent of the National Budget and 8.0 percent of the projected GDP. Budgets of all sub-sectors under Social Services will grow except for Health which will face a budget cut of PhP1.8 billion. Allotment for Social Security, Welfare and Employment has the highest budget growth of 19.2 percent or PhP82.8 billion next year, primarily driven by the increment of PhP76.5 billion in Pension and Gratuity Fund (PGF)[12] under Special Purpose Funds (SPFs). Spending for Housing, despite its 15.7 percent increase in the proposed 2024 budget, is still lower than last year's allocation.

Table 8. Expenditure Program by Social Services Subsector, 2022-2024

Particulars	in PhP billion (Cash-based)			Share to Total (%)			Growth (%)	
	2022	2023	2024	2022	2023	2024	2023	2024
Social Services	**1,885.0**	**2,004.3**	**2,182.9**	**36.4**	**38.0**	**37.8**	**6.3**	**8.9**
Education, Culture and Manpower Development	778.7	909.1	983.1	15.1	17.3	17.1	16.7	8.1
Health	283.2	327.2	325.4	5.5	6.2	5.6	15.5	(0.5)
Social Security, Welfare and Employment	455.8	430.7	513.5	8.8	8.2	8.9	(5.5)	19.2
Housing and Community Development	9.3	4.8	5.5	0.2	0.1	0.1	(48.3)	15.7
Other Social Services	3.2	3.4	5.0	0.1	0.1	0.1	5.5	46.5
Subsidy to LGUs	354.8	329.2	350.4	6.9	6.3	6.1	(7.2)	6.4

Source of basic data: 2024 BESF Table B.5

<u>Prioritizing Education and Addressing Learning Losses.</u> The government aims to strengthen efforts to improve education quality and address impacts of learning losses from prolonged school closures during the pandemic. The Department of Education (DepEd) will receive the largest part of the education budget at 77.16 percent amounting to PhP758.6 billion. For higher education, the SUCs will receive 10.74 percent of the education budget or PhP105.6 billion and the Commission on Higher Education (CHED) will receive 3.15 percent of the education budget or PhP31 billion. The Technical Education and Skills Development Authority (TESDA) will receive 1.55 percent or PhP15.2 billion.

[12] The DBM's allocation for the 2024 pension and gratuity benefits of military and uniformed personnel (MUP) exhibits a 3.5 percent increase or a total of PHP164 billion compared to last year's budget of PHP158.45 billion. The MUP budget accounts for 64.77 percent of the PHP253.2 billion PGF for next year.

The DepEd's *MATATAG: Bansang Makabata, Batang Makabansa* agenda sets the new direction of the agency and stakeholders in resolving basic education challenges. *MATATAG* has four critical components: MAke the curriculum relevant to produce competent and job-ready, active, and responsible citizens; TAke steps to accelerate delivery of basic education facilities and services; TAke good care of learners by promoting learner well-being, inclusive education, and a positive learning environment; and Give support to teachers to teach better.

To make the curriculum more relevant, the DepEd is allocated PhP12 billion for textbooks and other instructional materials. This includes learning packages, resources for library hubs, and printed materials aligned with the new curriculum for Kindergarten and Grades 1, 4, and 7. To take steps to accelerate delivery of basic education facilities and services, the DepEd is allocated PhP33.8 billion for the construction and repair of school buildings, laboratories, water and sanitation facilities, and the acquisition of school desks and furniture.

To take good care of learners and provide inclusive education, the DepEd is allocated PhP11.7 billion for the School-Based Feeding Program, PhP632 million for the Alternative Learning System (ALS) which caters to out-of-school youth, and PhP3 billion for the Last Mile Schools Program which aims to address the gaps in resources and facilities of schools that are located in geographically isolated and disadvantaged and conflict-affected areas. Among these challenges are unequal classroom distribution despite progress in reducing overcrowding, substandard school buildings in remote areas, ongoing electrification struggles affecting digital learning in the Philippines, and limited ICT access as a significant barrier to comprehensive education advancement (PIDS, 2022).

To give support to teachers, teacher training is allotted PhP777.5 million and the computerization program is allotted PhP8.9 billion, part of which will provide laptops to teachers. The DepEd will also receive PhP39.3 billion for education service contracting and vouchers. To improve access and equity beyond basic education, the Universal Access to Quality Tertiary Education Program will receive a total of PhP51.1 billion to cover the cost of courses in SUCs and TESDA diploma programs. Of this amount, PhP26.0 billion is allocated for CHED, PhP21.7 billion for SUCs, and PhP3.4 billion for TESDA.

The Philippines is allocating 3.7 percent of its GDP (based on the projected 2024 GDP) to the education sector. This falls short of the 2021 Paris Declaration that reiterated the global commitments to allocating at least 4 percent to 6 percent of GDP and 15 percent to 20 percent of public expenditure to education. Moreover, this follows years of grossly insufficient investment and a low initial foundation.

To increase equity and efficiency of spending, following the principle of "progressive universalism" in a lifelong learning perspective is needed. This approach directs resources primarily to lower educational levels, where disadvantaged and marginalized children are often concentrated. These initial years of education establish the foundation for acquiring fundamental skills. As coverage becomes nearly universal at lower levels, more resources are allocated to higher levels, with ongoing emphasis on supporting the most vulnerable and economically disadvantaged students.

While basic education receives the largest share of the education budget, a previous evaluation by the World Bank and Australian Aid indicated that the Philippines would need over 6.0 percent of its GDP for implementing a comprehensive set of improvements to enhance the quality of basic education alone. Furthermore, the Philippines experienced one of the lengthiest school closures (510 days) globally, leading to substantial setbacks in learning. According to the World Bank, around 9 out of 10 children at the age of 10 struggled to read and comprehend a simple text. Moving forward, sustained investments are required not only to heal the scars of the pandemic and recover learning losses, but also to build the education sector's resilience to future shocks.

Improving Health. Despite being identified as a top priority area in the proposed 2024 budget, the health sector is facing a reduction of PhP1.8 billion in funding, which may impede the sector's ability to address critical healthcare needs, especially in the context of ongoing health crises and potential emergencies. Losing momentum on health spending may also put the country's progress toward health-related Sustainable Development Goals (SDGs) at risk. SDG Goal 3 which centered on health and well-being has improved since 2000, yet it falls short of the expected progress for 2022.[13] Some of the factors that have hindered progress include fragmented healthcare delivery system, insufficient resources, gaps in healthcare infrastructure, limited access to healthcare, and health care disruptions such as the Coronavirus Disease 2019 (COVID-19) pandemic (Dayrit, et al., 2018).

The allocation proposed for the sector in 2024 is PhP325.4 billion, majority of which (62.7%) is earmarked for the Office of the Secretary of the Department of Health (DOH) while almost a third (31.2%) will be given to the Philippine Health Insurance Corporation (PhilHealth). Among the DOH-attached agencies and DOH-supervised GOCCs, only the PhilHealth and the Philippine Institute of Traditional and Alternative Health Care will be spared from budget cuts.

There are significant reductions in the budgets of the National Nutrition Council (33.3%) and the specialty hospitals: Philippine Children's Medical Center (34.5%); Lung Center of the Philippines (32.8%); National Kidney Transplant Institute (26.3%); and Philippine Heart Center (14.8%). These hospitals specialize in treating patients with unique medical needs that often require advanced treatments and interventions. Ensuring that these institutions continue to receive adequate resources is vital in sustaining their ability to effectively address the growing healthcare requirements of the populace.

The proposed budget prioritizes the improvement of the country's healthcare systems, promoting inclusive and affordable healthcare and ensuring reliable public health services. With this objective in mind, the National Health Insurance Program (NHIP) is allocated PhP101.5 billion, which will be utilized to offer health premium subsidies to vulnerable individuals. About PhP23 billion will likewise be allocated to the Health Facilities Enhancement Program (HFEP) to be used for the construction, rehabilitation, and enhancement of health facilities, rural health units, and polyclinics. Additionally, the budget will cater to the acquisition of vital medical equipment and transport vehicles, all aimed at reinforcing the overall healthcare infrastructure. Other priority programs include the medical assistance for indigent and

[13] Some of the indicators that have shown progress include reductions in under-five mortality and out-of-pocket health spending, and increase in health insurance coverage.

financially incapacitated patients (PhP22.3 billion), and allowances and COVID-19 compensation package for healthcare workers (PhP20 billion).

While the government strives for Universal Health Care (UHC), the suggested health budget merely constitutes 1.2 percent of the projected GDP for 2024, even lower than the 1.3 percent share in the 2023 budget. This is well below the recommended[14] 5.0 percent of GDP allocation to progress toward UHC. However, it is important to note that increasing health spending alone does not guarantee improved UHC outcomes. To facilitate UHC, a range of strategies have been proposed by various studies, including improving human resources for health, enhancing the quality of care, making health systems more efficient, ensuring optimal resource use, addressing regional healthcare disparity, increasing absorptive capacity, and expanding health service coverage.

Generating Employment and Income Opportunities. Over the medium term, the government intends to expand employment opportunities to improve the income earning ability of the Filipinos. Among the expenditure priorities are the upskilling and reskilling of the labor force; measures supporting continuing education, digital learning, and training; and the promotion of lifelong learning processes.

The budget for labor and employment amounts to PhP40.5 billion, which is 14.1 percent lower than the 2023 level. Of this amount, the Department of Labor and Employment (DOLE), excluding TESDA, will be allotted PhP24.9 billion while the Department of Migrant Workers (DMW) will receive PhP15.5 billion. Such reduction raises concerns on its potential impact on the promotion of skills, job creation, and protection of workers' welfare for inclusive economic recovery.

Specifically, the budget allocated to DOLE and DMW's Offices of the Secretary will be slashed by 22.7 percent and 18.6 percent, respectively. Among the programs that will experience budget reduction include workers' protection and welfare program (29.1%) under the DOLE; and overseas employment and welfare program (20%), overseas employment regulatory program (14.7%), and maritime research and skills competency program (1.9%) under the DMW. The DOLE's livelihood and emergency employment and welfare services and DMW workers' welfare and government placement services and overseas employment facilitation services will be primarily affected by this budget cut. This is especially troubling given that sustained government support remains essential to tackle challenges confronting the Filipino workforce amid the precarious national and global economic recovery.

While there have been some positive developments in the employment landscape, there remains opportunities for long-term improvements in the quality, productivity, and stability of employment within the country. This highlights the crucial need to increase the availability of quality and decent jobs, boost human capital development through education and training to improve employability and ensure adaptability to the changing world of work, and provide carefully targeted income subsidies. To bolster employment facilitation services, the DOLE's budget for the employment facilitation program will increase

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[14] Mcintyre D., Meheus F., Røttingen J.A. (2017). What level of domestic government health expenditure should we aspire for universal health coverage? Health Econ Policy Law. 12(2):125-137.doi:10.1017/ S1744133116000414. PMID: 28332456.

by 65.9 percent, and the employment preservation and regulation program will rise by 2.1 percent. Meanwhile, its workers' protection and welfare program will encounter a reduction of 29.1 percent.

For the provision of emergency employment for displaced workers (*Tulong Panghanapbuhay sa Ating Disadvantaged*/Displaced Workers or TUPAD) the budget for 2024 is pegged at PhP12.9 billion. While the DOLE has effectively utilized 90.7 percent of the allocated TUPAD 2022 budget, the Commission on Audit (COA) highlighted concerns in its 2022 audit report. The COA raised questions regarding the propriety and validity of the assistance granted due to issues such as excessive payments, grants to ineligible recipients, unclaimed financial aid with remittance centers, incomplete documentation, and procurement issues related to TUPAD personal protective equipment (PPE). These issues collectively raised questions about the proper implementation and distribution of aid under the TUPAD Program. Addressing these concerns becomes crucial, to ensure that the Program's substantial funding is utilized effectively and efficiently, in alignment with its intended purposes.

Strengthening Social Protection. The institutionalization of a nationally defined Social Protection Floor for the Philippines was approved by the National Economic and Development Authority (NEDA) Board, chaired by President Ferdinand Marcos Jr., in April of this year. The Social Protection Floor includes four basic guarantees that cover the entire life cycle—health, including maternity care; children, active age; and older persons. In support of this, a higher budget of PhP112.8 billion, up by 10 percent from this year's PhP102.6 allocation, will be provided to aid 4.4 million households under the *Pantawid Pamilyang Pilipino* Program (4Ps) of the Department of Social Welfare and Development (DSWD).

In addition, the proposed budget for social pension for indigent senior citizens has been doubled to PhP49.8 billion. This amount will accommodate the increased monthly allowance from PhP500 to PhP1,000 for over four million indigent senior citizens pursuant to the law increasing the social pension of indigent senior citizens (Republic Act No. 11916). However, budget for the DSWD's protective services for individuals and families in difficult circumstances was reduced by PhP16.8 billion or 46 percent, from PhP36.82 billion this year to PhP20 billion next year.

Moreover, the PhP3.17 billion allocation for the DSWD's disaster response and management program is a drop of PhP948 million or 23 percent from this year's level. This reduced allotment would mean less direct assistance to disaster-affected families even as the ongoing El Niño phenomenon is expected to persist until the first quarter of 2024. Additional standby resources for emergency food, water supplies, and hygiene kits, among other needs, may be required to expeditiously aid families who will be affected by drought and dry spells.

Much remains to be done by the DSWD to enhance the implementation of its programs and judiciously utilize its budget. In 2022, while it exceeded most of its performance indicators for its Sustainable Livelihood Program and Protective Services Program, it missed some targets for 4Ps, Kapit-Bisig Laban sa

Kahirapan (Linking Arms Against Poverty)-Comprehensive and Integrated Delivery of Social Services (Kalahi CIDSS)–National Community-Driven Development Program,[15] and supplemental feeding sub-program.

The COA, in its 2022 Audit Report, raised concerns on double payments to 4Ps beneficiaries, legitimacy of 4Ps beneficiaries, unpaid *Pantawid* cash grants, and unrecovered excess payment to 4Ps beneficiaries, among other observations. Meanwhile, a 2022 Philippine Institute for Development Studies (PIDS) process evaluation of the social pension for indigent senior citizens suggested the deployment of dedicated staff for the program, standardizing the social pension application process, updating the beneficiary database regularly, and adopting a digital mode of cash distribution to beneficiaries using e-payments and e-wallets, among other recommendations.

Institutionalizing a monitoring and evaluation system is one of the key strategies for the implementation of social protection programs under the Philippines' Social Protection Operational Framework. Under this Framework, there is a need to: (1) allocate specific financial and human resources; and (2) strengthen institutional capacities for the generation and use of social protection statistics especially at the local government level. It is important to ascertain the extent to which these requirements are addressed under the 2024 National Budget.

Along with the strengthening of anticipatory and shock-responsive programs, efforts to improve beneficiary targeting, enrollment processes, and delivery mechanisms; and to rationalize, harmonize, and institute monitoring and evaluation of social protection programs across life stages as also underscored in the PDP 2023-2028, should be accelerated. The social protection system should likewise be transformed into an integrated and technology-enabled system that is responsive to the unique needs of diverse population groups (women, children and youth, older persons, persons with disabilities, and the displaced) and those with intersecting vulnerabilities and multiple deprivations.

According to a 2018 review and assessment by the World Bank, the country's social protection system, which consists of labor market interventions, social insurance programs, and social assistance, is mature across all pillars, resilient to changes in administration, and characterized by a serious commitment based on the level of spending. The study, however, saw the need to improve the coherence of social protection programs, reduce overlaps and duplication, and address gaps in monitoring and evaluation systems. In 2019, at least 60 social protection programs are being implemented by about 20 NGAs and instrumentalities (DSWD, 2019).

The PhP513.5 billion budget for Social Security, Welfare and Employment next year is equivalent to about 2.0 percent of the projected GDP. In Asia and the Pacific, spending on social protection has averaged 7.5 percent of GDP between 2020 and 2022, notably lower than the global average of 12.9 percent (ILO, 2022). While there is no global standard nor one-size-fits-all approach to expanding fiscal space for social protection, the ILO (2021) recommends investing more and better in social protection, guided by the principles of universality, adequacy, sustainability, and solidarity.

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[15] The Kalahi CIDSS–National Community-Driven Development Program uses the community-driven development approach for identifying and implementing basic services projects.

***Defense*.** The Philippine government is committed to safeguarding the nation's territorial integrity and sovereignty, both against foreign and domestic threats. This is evident in its recent diplomatic efforts, such as filing numerous protests against China's increasingly aggressive actions in the West Philippine Sea. This is also reflected in its proposed defense budget.

For 2024, the Philippine government has proposed a PhP282.8 billion defense budget, a 21.61 percent increase from the previous year's allocation of PhP232.5 billion. The Department of National Defense (DND) will receive 80.92 percent of the defense budget, with PhP228.8 billion. This will be mainly used to support the defense capability of the AFP, which will receive PhP225.52 billion. This proposed defense budget of the AFP is 14.27 percent higher than the present budget of PhP197.36 billion and is equivalent to 98.57 percent of the entire defense appropriations of the DND.

With such budget increase, the government aims to strengthen its main defense program—the Armed Forces Defense Program (i.e., Land, Air, and Naval Forces Defense Programs). This program represents the combined strength of more than 150,000 military personnel, 70.97 percent of which are in the Philippine Army. It also represents 83.55 percent of the defense budget of the AFP, amounting to PhP188.43 billion. Of this amount, 52.43 percent is for personnel services (PS). To strengthen external defense capabilities, the government is also allocating PhP50 billion to the Revised AFP Modernization Program, which is a key priority program that aims to modernize the AFP's equipment and capabilities. This will be used to procure new military vehicles, aircraft, ships, and weapons systems.

The government's proposed defense budget is a significant step forward in the Philippines' efforts to strengthen its security as it intensifies its presence in the West Philippine Sea. However, it is important to note that the country still lags behind its neighbors in terms of defense spending. For example, Vietnam's defense budget is around 2.28 percent of its GDP, while Thailand's is around 1.16 percent.[16] To be able to build a credible defense posture and assert its maritime claims in the West Philippine Sea, the Philippines' annual defense spending will need to be increased to the regional average of about 1.69 percent of the country's GDP, or around PhP337 billion. The government's proposed defense budget is a positive development, but it is important to ensure that the funds are used effectively and efficiently.

***General Public Services*.** The Philippine government's budget for General Public Services is set to undergo significant changes in 2024, reflecting the government's commitment to improving the efficiency and effectiveness of government operations, strengthening its law enforcement and security capabilities, and providing financial assistance to local governments.

General Administration. The budget for General Administration is increasing by 20.79 percent in 2024, from PhP178.54 billion to PhP215.67 billion. This increase will be used to improve the efficiency and effectiveness of government operations in general administration such as lawmaking, fiscal management, foreign affairs, public debt transactions, and other governance or regulatory services, among others.

[16] World Bank. (2023). Military Expenditure (% of GDP). Databank Microdata Data Catalog.

The total general administration budget for various department and agencies is also increasing by 11.84 percent, from PhP161.02 billion to PhP180.08 billion. This increase will be used to support the operations of various government departments and agencies that have been underfunded in the past, such as export promotion by the DTI and capacity development of cooperative businesses by the Cooperative Development Authority (CDA).

The budget for the Commission on Elections (COMELEC) is increasing by 357.81 percent in 2024, from PhP5.97 billion to PhP27.34 billion. This increase is due to both the funding requirements for the preliminary preparations of the 2025 midterm elections and the construction of COMELEC's new headquarters in Pasay City.

The general administration budget for the Legislature is decreasing by 27.01 percent in 2024, from PhP39.81 billion to PhP29.06 billion. This decrease is due to the government's efforts to reduce current operating expenditures such as maintenance and other operating expenses (MOOE) of legislative bodies, particularly in the House of Representatives.

The budget for the Office of the President is increasing by 17.78 percent in 2024, from PhP9.09 billion to PhP10.71 billion. This increase will be used to support the President's priorities, such as promoting the Philippines as a preferred investment destination by conducting state visits and holding investment briefings in other countries. This will help strengthen diplomatic ties and attract more foreign investors to the Philippines, which will create more jobs and boost economic growth.

Public Order and Safety. The government is also allocating PhP373 billion for Public Order and Safety in 2024, an increase of 10.1 percent from the current year's PhP338.7 billion. This funding will be used to strengthen the government's law enforcement and security capabilities, and to protect the safety of its citizens. The largest share of the Public Order and Safety budget will go to the DILG, which will receive PhP251.6 billion. This funding will be used to support the operations of the Philippine National Police (PNP), the Bureau of Fire Protection (BFP), and the Bureau of Jail Management and Penology (BJMP).

Other General Public Services. The government has also allocated PhP39.5 billion for Other General Public Services in 2024, an increase of 33.3 percent from the current year's PhP29.7 billion. This funding will be used to support a variety of programs and services, such as: (1) Local Government Support Fund (LGSF) which will be used to provide financial assistance to local governments; (2) Miscellaneous Personnel Benefits Fund (MPBF) which will be used to provide additional benefits to government employees; and (3) Tax Expenditures Fund which will be used to offset the tax burden on certain activities, such as education and healthcare.

Subsidy to Local Government Units (LGUs). The proposed 2024 budget reveals strategic shifts in funding priorities that signal the government's commitment to fostering sustainable growth and empowering specific regions. The Subsidy to LGUs reflects a significant increase of 6.44 percent from PhP249.09 billion in 2023 to PhP265.15 billion in 2024. This highlights the government's recognition of local governance's pivotal role in driving economic progress and service delivery at the grassroots level. The augmented allocation aims to provide local authorities with essential resources to address community-specific needs and promote tailored development.

Additionally, the proposed budget for the NTA is set to rise by 6.20 percent, from PhP229.68 billion in 2023 to PhP243.99 billion in 2024. This underscores the government's commitment to balancing fiscal decentralization with national development goals, enhancing local government's financial autonomy, and fostering self-sufficiency. In tandem, the increased budget for the BARMM—from PhP19.42 billion in 2023 to PhP21.17 billion in 2024—signifies targeted efforts to promote socioeconomic growth and stability in this specific region, emphasizing the government's commitment to regional inclusivity and empowerment.

The shifts in the budget allocation for 2024 reflect the government's commitment to improving the quality of public services, strengthening its law enforcement and security capabilities, and providing financial assistance to local governments. The government is also placing a greater emphasis on economic development and social welfare, as evidenced by the increased budget for these areas.

Allocation by Departments (Top 10 Departments)

To achieve its goal of ensuring a "future-proof and sustainable vibrant economy" for the country, the Marcos Jr. administration ensured that line departments that are critical in achieving the following spending priorities—addressing learning gaps/losses, reducing transport and logistics costs, building resilience of health sector, strengthening social protection, and ensuring food security—will be prioritized in the 2024 NEP.

Education takes the lead once more with a robust PhP924.7 billion budget. This allocation aligns with the 1987 Philippine Constitution and powers the execution of the *MATATAG: Bansang Makabata, Batang Makabansa* agenda, crucial for countering pandemic-induced learning gaps.

Table 9. Top 10 Departments, 2023 GAA vs. Proposed 2024 Budget (in PHP billion)

Department	2023 GAA		2024 Proposed		Growth
	Amount	Rank	Amount	Rank	
Education (includes DepEd, SUCs, CHED and TESDA)	895.2	1	924.7	1	3.3
Department of Public Works and Highways (DPWH)	894.2	2	822.2	2	-8.0
Department of Health (includes PhilHealth)	314.7	3	306.1	3	-2.7
Department of the Interior and Local Government (DILG)	253.2	4	259.5	4	2.5
Department of National Defense (DND)	203.4	5	232.2	5	14.2
Department of Transportation (DOTr)	106.0	8	214.3	6	102.3
Department of Social Welfare and Development (DSWD)	199.5	6	209.9	7	5.2
Agriculture (DA and attached corporations, BFAR)	173.6	7	181.4	8	4.5
Judiciary	54.9	9	57.8	9	5.3
Labor and Employment (includes DOLE and DMW)	47.1	10	40.5	10	-14.1
TOTAL (TOP 10)	**3,141.6**		**3,248.5**		**3.4**

Source: DBM

Following closely, the DPWH claims the second spot with a PhP822.2 billion allocation, propelling the nationwide road and bridge construction, upkeep, and rehabilitation under the Build Better More initiative.

Even after seeing a budget cut, the DOH (including the PhilHealth) commands the third position at PhP306.1 billion. In fourth and fifth positions are the DILG and DND which have a proposed budget of PhP259.5 billion and PhP232.2 billion, respectively and are in charge of ensuring peace and order and protecting the country's territorial integrity.

On sixth place is the DOTr which sees a more than 100 percent surge in its 2024 budget to PhP214.3 billion. This intensified allocation turbocharges the transportation and logistics domain, focusing on amplified capital outlay (CO) for the Rail Transport Program. The DOTr's higher CO for 2024—rising to PhP170.0 billion from the current PhP59.82 billion, offsets the reduction in the DPWH's CO which is being set at PhP783.6 billion for next year from PhP874.6 billion in 2023. Given the DOTr's historically low disbursement—36.6 percent (2018), 34.3 percent (2019), 35.3 percent (2020), 41.5 percent (2021), and 47.4 percent (2022)—it is worth asking if the higher budget allocation will be spent efficiently and that existing bottlenecks within the DOTr have been sufficiently addressed.

Social protection and health funding retain their strategic priority, geared toward bolstering the nation's resilience against future health challenges. The 2024 NEP unites the DSWD and DOH forces to tackle pervasive malnutrition and stunting in provinces. As such, the DSWD takes the seventh place having a proposed budget of PhP209.9 billion. In tackling food security on the other hand, the DA commands a PhP181.4 billion budget, which puts it on the eighth slot. Of the said budget, PhP30.9 billion will be earmarked for the rice sector to boost local supply.

Lastly, both the Judiciary and the labor and employment agencies (DOLE and DMW) will remain in the ninth and tenth places with the Judiciary having a proposed budget of PhP57.8 billion while the DOLE and DMW will be getting a combined budget of PhP40.5 billion.

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