Budget Notes

SENATE ECONOMIC PLANNING OFFICE

Macroeconomic and Fiscal Assumptions of the Proposed 2017 National Budget

The successful implementation of the budget plan is hinged on a set of macroeconomic assumptions approved by the Development Budget Coordination Committee (DBCC). These are indicators by which government determine the viability of the budget -- whether the proposed expenditure program is reasonable and sustainable and whether there are sufficient fiscal resources to fund it. Each macroeconomic indicator is measured by a range of values – with low-end projections reflecting a more pragmatic stance and allows for some flexibility in planning and designing the fiscal program.

The macroeconomic assumptions of the proposed budget for 2017 are as shown:

TABLE 1: MACROECONOMIC ASSUMPTIONS

	2013	2014	2015	Adjusted 2016	Projection 2017
Real GDP Growth	7.1	6.2	5.9	6.0-7.0	6.5-7.5
Inflation rate	2.9	4.2	1.4	2.0-4.0	2.0-4.0
Unemployment rate	7.2	6.6	6.3	6.5-6.7	n.a.
364-day T-bill rate	0.72	1.79	2.08	2.0-4.0	2.5-4.0
Foreign exchange rate (PhP/US$)	42.4	44.4	45.5	45.0-48.0	45.0-48.0
LIBOR, 6 mo.	0.4	0.3	0.5	0.8-1.8	1.0-2.0
Dubai Crude Oil Price (US$/barrel)			50.9	35.0-50.0	40.0-55.0
Exports of Goods (in USD billion)	44.5	49.8	43.3	44.6	47.3
growth	*-4.0*	*11.9*	*-13.1*	*3.0*	*6.0*
Imports of Goods (in USD billion)	62.2	67.2	65.0	69.5	76.5
Growth	*-4.8*	*8.0*	*-3.2*	*7.0*	*10.0*
Current account bal. (in USD billion)	11.4	10.8	8.4	5.8	3.0
percent of GDP	*4.2*	*3.8*	*2.9*	*1.9*	*0.9*
GIR (year-end)(in USD billion)	83.2	79.5	80.7	84.8	86.3
import cover	*11.6*	*9.9*	*10.1*	*9.7*	*8.9*

Source: BSP Selected Philippine Economic Indicators June 2016
BESF, various years

GDP growth forecasts. For 2016, the DBCC is expecting the domestic economy to grow by 6.0-7.0 percent. It is highly likely that this will be achieved given the impressive first semester growth of 6.9 percent, which means that GDP only needs to grow by 5.1 percent in the second half to meet the full year low-end growth target.

For the first semester of 2016, growth was underpinned by services which grew by 8.0 percent, buoyed by the robust expansion in real estate renting and business activities, wholesale and retail trade, and financial intemediation (See Table 2). Industry's growth likewise accelerated by 7.9 percent and was mainly driven by manufacturing, construction, and utilities.

Agriculture, on the other hand, contracted by 3.3 percent mainly due to the lingering effects of El Niño. The sector already contracted for five consecutive quarters and is becoming a major cause for concern especially given the fact that majority of poor Filipinos rely on agriculture for their livelihood.

On the demand side, investment was the main growth driver, expanding by 27.1 percent. Spurred by election-related spending, government consumption also grew robustly by 12.7 percent. Household spending which grew by 7.2 percent, also continued to be a key driver, sustained by the low inflation environment and inflow of remittances.

For 2017, GDP growth rate is set at 6.5-7.0 percent, slightly higher than the forecasts of other development agencies such as the Asian Development Bank, International Monetary Fund and the World Bank (Table 3).

The government's optimism is held up by its expectations of continuously strong consumer demand due to the modest inflation and interest rates, higher government salaries and overseas remittances. The GDP will also likely get a boost from higher public spending especially on infrastructure. Infrastructure outlay in the proposed national budget is projected to grow by 13.8 percent in 2017 at PhP860.7 billion.

Services will likely remain as the main engine of growth in 2017. In particular, the BPO industry, the second highest source of foreign exchange in the country, appears to continue snowballing with over 1.2 million direct employees and generating revenues of US$22.0 billion in 2015[1]. Tourism will also likely post strong performance. Currently, it employs million workers, accounting for 12.7 percent of national employment.

TABLE 2: GDP GROWTH RATE BY INDUSTRY AND EXPENDITURE (IN %)

	Sem I 2015	Sem I 2016
GROSS DOMESTIC PRODUCT	5.5	6.9
GROSS NATIONAL INCOME	4.8	7.1
Production Side		
AGRI., HUNTING, FORESTRY AND FISHING	0.5	-3.3
Agriculture and forestry	0.9	-2.8
Fishing	-1.5	-5.9
INDUSTRY SECTOR	5.7	7.9
Mining & Quarrying	-6.0	-0.7
Manufacturing	5.3	7.2
Construction	10.9	11.6
Electricity, Gas and Water Supply	4.8	9.8
SERVICE SECTOR	6.2	8.0
Transport, Storage & Communication	7.5	6.2
Trade& Repair of Motor Vehicles, Motorcycles, Personal and Household Goods	6.3	8.3
Financial Intermediation	5.1	8.1
Real Estate, Renting & Business Acts.	6.7	9.2
Public Administration & Defense; Compulsory Social Security	-2.2	5.9
Other Services	8.6	8.5
Expenditure side		
Household Final Consumption Expenditure	6.3	7.2
Government Final Consumption Expenditur	1.4	12.7
Capital Formation	16.7	27.1
Fixed Capital	10.7	27.7
Construction	9.9	13.6
Durable Equipment	13.0	41.1
Breeding Stock & Orchard Dev't	1.1	4.0
Intellectual Property Products	3.8	39.8
Exports	7.7	7.0
Imports	12.4	19.9

Source: Philippine Statistical Authority

TABLE 3: GDP GROWTH FORECAST (IN %)

	2016	2017
DBCC	6.0-7.0	6.5-7.5
ADB	6.0	6.1
IMF	6.0	6.2
World Bank	6.4	6.2

Sources: ADB Asian Development Outlook, IMF World Economic Outlook , World Bank Philippine Economic Update

[1] According to the BSP, cash remittances sent thru the formal banking networks by overseas Filipino workers (OFWs) totalled $25.76 billion in 2015, up 4.6 percent from $24.63 billion in 2014.

The resurgence of manufacturing is also apparent as industry roadmaps have already been developed for its sub-sectors, namely: automotive industry, electronics, chemicals, furniture, and some agro-base products.

The likelihood of achieving the 6.5-7.5 growth percent target in 2017 is also hinged on the potential gains the country can reap from closer economic ties with its ASEAN neighbors which will be reinforced by the Philippines' hosting of the ASEAN's golden anniversary next year. The government's plans to resume peace talks with the communist and the Moro rebel movements also augurs well for investments prospects.

Risks to growth

Risks to the largely positive growth prospect include weaker-than-expected economic performance of our main trading partners, tighter financial conditions and volatility in the global financial market. Exports of goods to the United States for instance is expected to grow next year but subdued prospects for Japan and China could be a drag. The fragile growth in the European Union, the uncertainties triggered by the "Brexit", and the geopolitical tensions in the Middle East also present downside risks to growth. Another factor that could either boost or temper the country's growth prospects include the West Philippine Sea issue.

On the home front, weather disturbances and the threat of La Niña could again affect agricultural growth and lead to upward inflationary pressure. The usual administrative bottlenecks that contributed to the underperformance of the government in the past are also potential headwinds, although there have been pronouncements from the government that they are already being addressed.

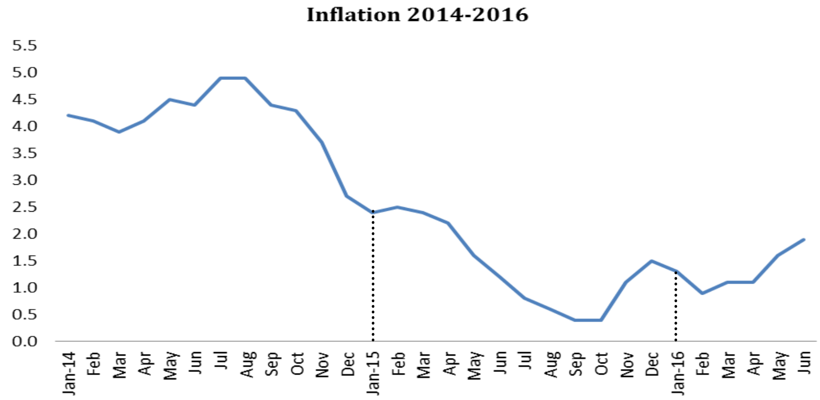
The adverse effects of the abovementioned risks are expected to be cushioned by the country's strong macroeconomic fundamentals: a surplus in the current account, high international reserves, low inflation, and improved fiscal (and debt) position.

Table 4. Philippines Key Economic Indicators

	Key Indicators	2007-2014	2015	2016	
Resilient growth	Real GDP growth (%)	5.4	5.9	6.9	(1st Sem)
Manageable inflation	Headline inflation (%)	4.3	1.4	1.4	(1st Sem)
Modest fiscal deficit	Fiscal balance (% of GDP)	-1.8	-0.9	-1.7	(1st Sem)
Ample liquidity and Credit	Domestic liquidity (% of GDP)	52.2	63.3	63.0	(Jun)
	Domestic credit (% of GDP)	51.2	59.1	60.1	(Jun)
Sound and stable banking system	Non-performing loans (% of total loans) - U/KBs*	2.8	1.6	1.7	(Jun)
	Capital Adequacy ratio (consolidated basis) - U/KBs**	16.9	15.8	15.8	(Mar)
Robust external payments position	Current Account Balance (% of GDP)	11.9	10.4	0.6	(Jan-Mar)
	GIR (months of imports)	9.7	10.1	10.5	(Jul)
	External debt (% of GDP)	34.9	26.5	26.5	(Apr)
	External debt service burden (% of exports)	9.2	5.3	8.7	(Jan-Apr)

Sources ADB Statistical database, BSP

Inflation

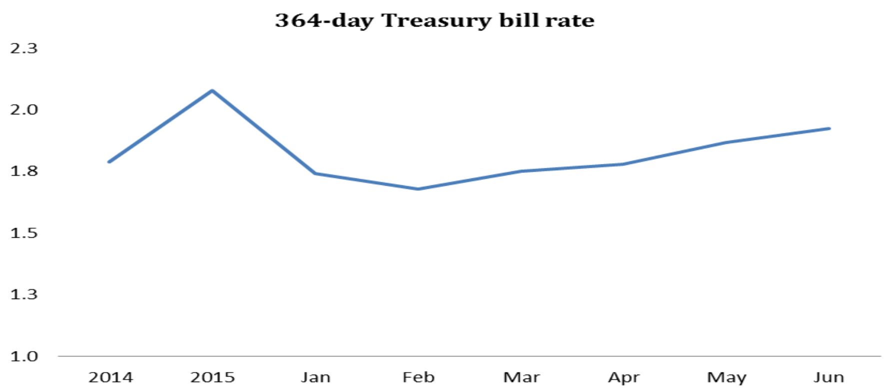


Despite the slightly higher growth projections, inflation forecasts remain benign at 2.0-4.0 percent for 2016 and 2017.

During the first half of 2016, inflation averaged at 1.3 percent lower than the 2.05? average it posted during the same period last year. It exhibited an uptrend beginning April of this year -- on account of higher food prices as a result of tight supply conditions and brisk demand conditions but this is expected to recede over the third quarter. Inflation usually picks up again during the fourth quarter in anticipation of higher world oil price as well as the holiday season, which can spur consumption spending. These upside risks are largely viewed to be manageable. The global economic slowdown remain as the key downside risk to the inflation outlook.

Overall, inflation expectation is broadly in line with the inflation target. This benign inflation outlook gives the Bangko Sentral ng Pilipinas (BSP) the option to keep policy rates steady, remaining accommodative for growth-inducing activities.

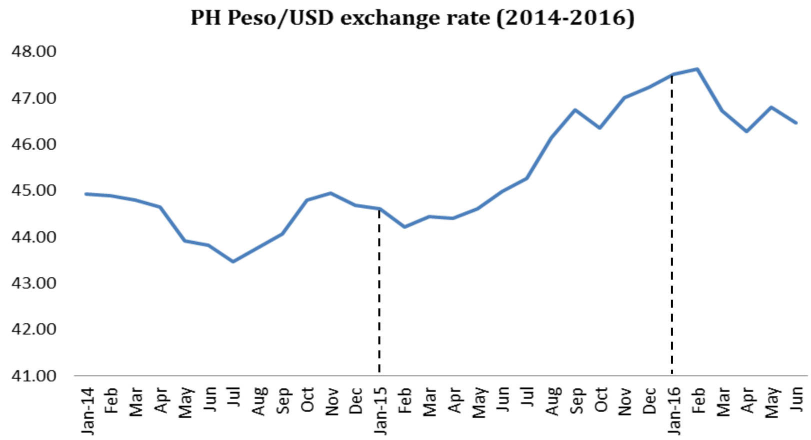
364-day Treasury Bill Rate



The 364-day t-bill rate is expected to be within the 2.0-4.0 percent range for 2016 and between 2.5-4.0 percent in 2017. For the first semester of 2016, the rate averaged at 1.79 percent, starting from 1.74 percent in January and rising to 1.925 percent in June. The uptick reflects the market's anticipation of rate hikes by the US Federal Reserve (US Fed). It is likely to track an upward trajectory towards yearend as economic data from the US point to a stronger recovery. It will however, stay within the projected range in 2016 and 2017. (See also Annex D).

The T- bill rates affect the budget in two ways: one, it may increase/decrease the cost of debt servicing; two, it may increase/decrease revenue from tax withheld on interest income. The former is more than likely to offset the latter.

Exchange rate



The DBCC pegged the exchange rate to be between PhP45-48/US$1 in 2016 and 2017, and so far, the exchange rate has been well within this target, reflecting the important shifts in underlying economic fundamentals, such as our trading partners' growth prospects and external vulnerabilities.

For instance, with the US Fed embarking on a path of rate normalization,[2] the Philippine peso slid against the US dollar and peaked at Php47.64/dollar in February of 2016. The peso has since averaged at PhP46.90/dollar in the first semester of 2016, higher than the PhP44.55/dollar in the first semester of 2015.

The policy divergence between the US, where economic recovery has advanced far enough to support high interest rates, and Europe and Japan, where conditions warrant stimulus (i.e., lower interest rates),[3] have also been pushing up the dollar and adversely affecting US exports. Given the protracted economic crisis in Europe, the uncertain recovery of Japan, and the weaker-than-expected condition of China, it is reasonable to assume that the US Fed will proceed with its interest rate normalization program at a more gradual pace. In light of this, the peso-to-dollar exchange rate will likely be within the target range in 2016 and 2017.

Dubai crude oil price

Dubai crude prices fell to as low as US$ 24.04/bbl in January 2016, a level unreached in more than a decade. Since then, the price has generally risen slowly but steadily, peaking at USD 47.53/bbl in early June. The price however has so far not exceeded the 2015 average of USD 51.12/bbl.

A moderate increase is expected towards the end of the year and into 2017, driven mainly by transport fuel demand growth in major consumers particularly the US, China and India as well as a slackening of production in several major producers. The general global economic slowdown however, alongside a pending US interest rate hike and uncertainties over the impact of the so-called "Brexit", could mitigate the price increase.

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[2] Policy rate increases

[3] The Bank of Japan (BoJ) pushed interest rates to negative territory last January 2016.

The Institute of Energy Economics, Japan (IEEJ) predicts that the average price of Dubai crude oil will be at US$ 47/bbl for the second half of 2016 and will increase slightly to USD 52/bbl in 2017. This is close to the World Bank's forecast[4] for 2017 of USD 53/bbl.

The outlook for crude prices is very volatile at present and could change easily depending on the results of the unscheduled OPEC meeting in September. Three of the biggest members of the cartel, Saudi Arabia, Iran and Iraq have had disagreements on implementing a production freeze in the recent past and it is still uncertain if they can come to an agreement in the coming OPEC emergency meeting. Whichever direction the meeting would take could certainly impact the crude price outlook for the immediate future.

Export and Imports

Table 5. Philippine Top Export Destinations *as of June 2016*

Amount in USD million	Value	Share to total	Growth y-o-y
Japan	980.6	20.6	(23.2)
United States of America	741.0	15.6	-0.7
Hong Kong	589.4	12.4	3.2
China	536.1	11.3	(14.0)
Singapore	315.5	6.6	(1.1)
Total	3,162.6	66.5	

Table 6. Philippine Top Import Source *as of May 2016*

Amount in USD million	Value	Share to total	Growth y-o-y
China	1,373.0	20.4	65.7
Japan	709.6	10.5	122.7
United States of America	573.1	8.5	7.8
Thailand	544.5	8.1	86.6
Republic of Korea	448.8	6.7	34.4
Total	3,649.1	54.2	

Source PSA

Export of goods is projected to be sluggish given the still-weak recovery of the US and Japan and the weaker-than-expected economic conditions in China. Export of goods contracted sharply by 11.9 percent in the first quarter and this casts uncertainty over its ability to hit the DBCC's 3.0 percent projected growth for 2016.

For 2017, export growth is projected at 6.0 percent but its performance will largely be determined by the strength of the recovery in the US, Japan and EU.[5] Outlook for services export is expected to remain bullish and can partially offset the weak exports of goods.

Import of goods on the other hand, is expected to pick up given the positive outlook for domestic private consumption and investment. Cyclically, it gains more steam during the second semester leading up to the holiday season. It is likely to hit the projected growth of 7.0 percent in 2016 and 10.0 percent in 2017.

Unemployment Rate

[4] This price is a weighted average of the three major crude oil benchmarks, specifically Dubai, Brent and WTI.

[5] Concession given to us by the EU in 2014 under the generalised system of preferences (GSP) is conditioned upon our observance of ratified international treaties on human rights and environmental standards.

For 2016, the percentage of jobless Filipinos is projected to be between 6.5-6.7 percent. Data from the first two rounds of the Labor Force Survey (LFS) shows that the unemployment rate was well below this target, averaging at only 5.95 percent.

In April 2016, the unemployment rate declined to 6.1 percent from 6.4 percent a year ago. Unemployment rates were highest in the National Capital Region with 7.7 percent, Ilocos Region (7.5 percent), Calabarzon (7.5 percent), and Central Luzon (7.1 percent). Economic inactivity is more prominent among the youth with more than half of the unemployed coming from the 15 to 24 years old age group. Almost one third of those without jobs are high school graduates while 23.1 percent are college graduates.

Table 7. Selected Labor And Employment Indicators, 2014-2016 (in '000)

Indicator	2014	2015	2015 Jan	2015 April	2016 Jan	2016 April
Household Population,	64,033	64,936	64,591	64,802	67,153	66,805
Labor Force	41,379	41,343	41,164	41,840	42,515	42,510
Employed	38,651	38,741	38,461	39,158	40,047	39,916
-Underemployed	7,118	7180	6,883	6,983	7,879	7,351
Unemployed	2,728	2,602	2,703	2,681	2,469	2,594
Labor Force Participation Rate (%)	64.6	63.7	63.7	64.6	63.3	63.6
Employment Rate (%)	93.4	93.7	93.4	93.6	94.2	93.9
Underemployment Rate (%)	18.4	18.5	17.9	17.8	19.7	18.4
Unemployment Rate (%)	6.6	6.3	6.6	6.4	5.8	6.1

Source: Current Labor Statistics-Philippine Statistics Authority
Note: The province of Leyte was not covered in thee January and April 2015 LFS. It was already included in the July 2015 rounds and onwards.

The decline in the unemployment rate is a welcome development given that in the past, employment generation has not been very responsive to economic growth. However, there is a likelihood that there will be a slight uptick in the jobless rate in the second half of the year particularly in the mining and online gaming sectors as some of their permits and licenses have not been granted or renewed. The government will have to find ways on how those adversely affected can be absorbed again into the labor market.

It must be noted that unlike in the previous year, the DBCC did not have any employment target for 2017. This is unfortunate especially given the Duterte administration's pronouncements of ensuring that growth shall not only be high but more importantly, inclusive. As such, targeting unemployment and making a deliberate and actionable focus on lowering it should be one of the core goals of the government's socio-economic agenda. Moreover, the government should create conditions that would produce more high quality jobs. It is worrisome that the underemployment rate (or those employed but wanting more hours of work) remains in the double digit and has even increased in 2016.

Fiscal Assumptions of the Proposed 2017 budget

Noting that the country needs to address the long-standing infrastructure backlog and invest more in the future of the people, the Executive is proposing for a bolder fiscal program in 2017 with higher spending and wider deficit targets. A budget of PhP2.97 trillion is set, 11.9 percent higher compared to this year's budget while revenue collection is projected at PhP2.48 trillion. This means that the deficit is targeted to expand to PhP478.1 billion or a deficit-to-GDP ratio of 3.0 percent, significantly higher than the 0.9 percent deficit-to-GDP ratio posted in 2015 and the projected 2.7 percent this year.

Table 8. NG Account Balance, 2014-2017

Particulars	Level (In Billion Pesos)				Growth (%)		
	Actual 2014	Actual 2015	Program 2016	Proposed 2017	2014-2015	2015-2016	2016-2017
Revenues	1,908.5	2,109.0	2,256.7	2,481.5	10.5	7.0	10.0
% of GDP	*15.1*	*15.8*	*15.5*	*15.6*			
Expenditures	1,981.6	2,230.6	2,645.6	2,959.7	12.6	18.6	11.9
% of GDP	*15.7*	*16.8*	*18.2*	*18.6*			
Surplus/(Deficit)	(73.1)	(121.7)	(388.9)	(478.1)	66.5	219.6	22.9
% of GDP	*(0.6)*	*(0.9)*	*(2.7)*	*(3.0)*			

Source: Department of Finance (DoF) and BESF 2017

Latest data show, however, that the revenue collection and expenditure patterns seem to be slightly diverging from what were planned for this year. Fiscal deficit expanded at PhP120.3 billion from January to June 2016, exceeding the programmed P92.9 billion. This was mainly due to missed targets by the major revenue collecting agencies.

Tax revenue collection for the first half of 2016 only totaled PhP982.0 billion, PhP 234.6 billion short of the targeted amount of P1,216.6 billion. Collections by the Bureau of Internal Revenue (BIR) registered a measly growth of 11 percent despite the expected surge of collection in April. The BIR should be made to explain why this is so.

Table 9. NG Fiscal Performance, 1st Sem 2015-2016 *(in PhP billion)*

Particulars	2015 Jan-Jun	2016 Jan-Jun Program	2016 Jan-Jun Actual	2016 Jan-Jun Variance	Growth
REVENUES	1,085.7	1,292.8	1,101.0	(191.9)	1.4
Tax Revenues	893.0	1,216.6	982.0	(234.6)	10.0
BIR	705.9	968.5	783.4	(185.1)	11.0
BOC	178.6	238.3	190.6	(47.8)	6.7
Other Offices	8.5	9.8	8.1	(1.7)	(5.2)
Non-Tax Revenues	130.1	76.2	118.5	42.3	(8.9)
Privatization	62.6	0.0	0.4	0.4	(99.3)
EXPENDITURES	1,072.0	1,385.7	1,221.3	(164.4)	13.9
SURPLUS/(DEFICIT)	13.7	(92.9)	(120.3)	(27.5)	(975.3)

Source: DoF

Similarly, collections from the Bureau of Customs (BOC) grew moderately by 6.7 percent, PhP47.8 billion short of the programmed collection for January to June 2016. This, despite the gradual global oil price recovery and claims of a more efficient customs administration.

Meanwhile, non-tax revenue recorded a remarkable performance during the first semester of 2016. It surpassed its target by PhP42.3 billion.[6]

On the other hand, total disbursements for the first semester of 2016 only amounted to PhP1,221.3 billion, or PhP64.3 billion less than the target amount for the period.

Much of the reduction in expenditure for the first half of 2016 is still mainly due to underspending by implementing agencies, whose shortfall in disbursements amounted to PhP51.8 billion. The DBM attributed this to procurement difficulties and delays in program/project execution due to the election ban. A positive development, on the other hand, can be seen in interest payment spending. The government was able to save PhP40.6 billion as a result of the effective debt liability management of the Treasury.

Table 10. NG Expenditure Performance, 1st Sem 2015-2016 *(PhP billion)*

Expenditures	2015	2016 Jan-Jun			Growth
	Jan-Jun	Program	Actual	Variance	
Interest Payments	156.1	194.3	153.7	(40.6)	(1.5)
Allotment to LGUs	155.9	171.3	171.3	0.0	9.9
Tax Expenditures	9.1	11.5	5.3	(6.2)	(41.8)
Net Lending	2.7	8.6	4.1	(4.5)	53.9
Equity	0.3	10.1	8.4	(1.7)	2,565.3
Subsidy	44.0	38.6	36.6	(2.0)	(16.8)
Other NG Expenditure Accounts[1]	703.8	893.6	841.8	(51.8)	19.6
TOTAL	1,071.9	1,328.0	1,221.2	(106.8)	13.9

Source: DBM
Note: [1]Includes check floats as well as Treasury bills and bonds.

Proposed Revenue Program. For 2017, revenue collection is anticipated to expand by 10.0 percent. Of the PhP2.5 trillion projected revenue, 93.2 percent would be attributed to tax collections with expectations of improvements in tax and customs administration, while 6.7 percent would come from non-tax sources.

The Bureau of Internal Revenue (BIR) is projected to contribute 73.7 percent to the total collection next year. The Bureau of Customs (BOC), on the other hand, would account for 18.9 percent of the revenues.

Since 2013, collection from sin taxes has been boosting BIR's collection. Based on the Department of Finance's (DoF) 2015 data, excise tax collection from sin products stood at Ph 143.1 billion, a 52.0 percent increase from 2012 level. The figure is seen to consistently rise and directly benefit the poor with the full implementation of the law in 2017.

The BOC, on the othe hand is eyeing a 14.4 percent increase in its collection in 2017. According to the agency, receipts from trade facilitation due to the implementation of the Customs Modernization and Tariff Act (CMTA) alone could possibly increase collection by 10 percent.[7]

[6] Non-tax revenues were projected to drop in 2016 compared to 2015 because of the one-off remittance of coco levy proceeds in May last year.

[7] BOC Dep. Comm. Agaton Uvero's estimate

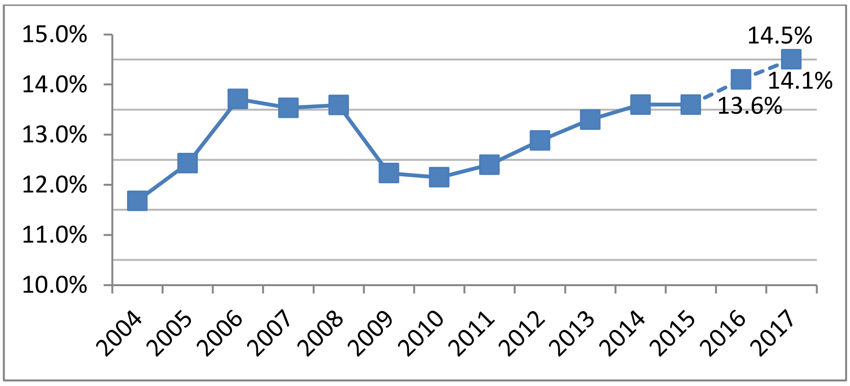
In terms of non-tax revenues, the income of the Bureau of Treasury is projected to decline due to lower income from guarantee fees, deposits and investments. Perhaps the BTr could provide some reason why it expects this to happen.

Table 11. Revenue Program, by Source, 2015-2017

Particulars	Amount (PhP billion)			Percent Distribution (%)			Growth (%)	
	2015 Actual	2016 Program	2017 BESF	2015 Actual	2016 Program	2017 BESF	2015-2016	2016-2017
Revenue	2,109.0	2,256.7	2,481.5	100.0	100.0	100.0	7.0	10.0
Tax Revenues	1,815.5	2,044.0	2,313.0	86.1	90.6	93.2	12.6	13.2
% of GDP	*13.6*	*14.1*	*14.5*					
BIR	1,433.3	1,620.0	1,829.2	68.0	71.8	73.7	13.0	12.9
BOC	367.5	409.0	467.9	17.4	18.1	18.9	11.3	14.4
Non-tax Revenue	230.7	210.7	166.5	10.9	9.3	6.7	(8.7)	(21.0)
Privatization	62.8	2.0	2.0	3.0	0.1	0.1	(96.8)	0.0

Source BESF 2017

Tax Effort, 2004-2017



Source: DoF

It must be noted that higher tax revenue collection is expected despite the tax measures being proposed by the Executive which could initially result in substantial revenue losses. The *tax effort* (tax-to-GDP ratio) is projected to rise from 13.6 percent in 2015 to 14.1 percent in 2016, and further improve to 14.5 percent in 2017.

According to the DoF, the estimated revenue loss of PhP173.8 billion from the planned restructuring of and lowering of the personal and corporate income taxes, (Package 1 and 2) will be compensated by the passage of other tax measures. These include the following reform measures which in effect could yield a total of PhP 368.1 billion net revenue gain:

Table 12. High End Revenue Impact by 2019 (PhP billion)

Tax Package	Loss	Gain	Net
Package 1. PIT and consumption	-159.0	359.7	200.7
Lower personal income tax rate	-159.0		
VAT base expansion		163.4	
Excise tax on oil		178.2	
Sugary product tax		18.1	
Package 2. CIT and incentives	-34.8	33.8	-1.0
Lower CIT rate and remove OSD	-34.8		
Fiscal incentives rationalization		33.8	
Full VAT refund	TBD		

Package 3. Property Tax	-3.5	43.5	40.0
Centralize and increase valuation		43.5	
Reduce estate and donor tax	-3.5		
Package 4. Capital Income Tax	-1.0	0.0	-1.0
Harmonize rates for all assets	-1.0		
Package 5. Other Taxes	0.0	129.4	129.4
Luxury tax (e.g., automobile, etc.)		7.7	
Mining tax		3.5	
Sin tax on alcohol and tobacco		58.2	
Fatty food tax (rough estimate)		20.0	
Carbon Tax (rough estimate)		20.0	
Lottery and casino tax (rough estimate)		20.0	
NET IMPACT	-198.3	566.4	368.1

Source: DOF presentation

It is thus imperative for Congress to review and validate the impact of these measures to ensure that they will not compromise the country's fiscal stability and the welfare of the people.

The proposed increase in the excise tax on petroleum products, for instance, while long overdue and is certain to boost revenue collection, could also result in higher transport costs. According to the Department of Energy, the transport sector is by far the biggest consumer of oil. The demand is highest for diesel at 41 percent, almost double that of gasoline (22.9 percent) in 2014. Higher transport costs consequently lead to higher costs of goods and services. It must be noted that while the poor does not stand to gain much from the proposed reduction of the income tax as they are mostly minimum wage workers and are already exempted from paying the income tax, they will be one of the hardest hit should petroleum prices increase. Hence, targeted interventions should be designed to mitigate the measure's adverse impacts.

Consolidated Public Sector Deficit

Table 13. Consolidated Public Sector Financial Position, 2014-2017 (in billion PhP)

Particulars	2014	2015	2016 Program	2017 BESF
TOTAL SURPLUS+/DEFICIT-	121.8	79.6	(222.8)	(310.7)
Ratio to GDP (%)	*(1.0)*	*0.6*	*(1.5)*	*(1.9)*
TOTAL Public Sector Borrowing Requirement	(40.9)	(113.5)	(375.7)	(480.8)
Ratio to GDP (%)	*(0.3)*	*(0.9)*	*(2.6)*	*(3.0)*
National Government	(73.1)	(121.7)	(388.9)	(478.1)
CB restructuring	(2.7)	(3.7)	(5.7)	(6.2)
Monitored GOCCs	19.8	3.0	(6.6)	(12.9)
Adjustments in net lending and equity to	15.1	8.9	25.4	16.4
SSS/GSIS/PHIC	76.3	58.2	57.9	67.3
BSP	(10.7)	(3.7)	1.0	1.0
GFIs	12.5	13.4	15.0	16.0
LGUs	84.6	125.1	78.9	85.8

Source BESF 2017

In addition to the deficit of the national government, monitored GOCC will also be incurring deficits totaling to PhP6.6 billion in 2016, a reversal from the surpluses they posted in the past two years. Their deficits are expected to even increase in 2017 to PhP12.9 billion. It will be interesting to know which among the monitored GOCCs would require more subsidies in 2017 and why they would be needing more subsidies.

The restructuring of the Central Bank will also contribute PhP5.7 and PhP6.2 billion in 2016 and 2017, respectively.

The robust financial performance of the Social Security Institutions (SSIs) and the Government Service Insurance System (GSIS), the Government Financial institutions (GFIs) and Local Government Units is expected to offset the deficits that will posted by the monitored GOCCs. Nonetheless, the resulting consolidated public sector deficit (CPSD) will still be significantly higher next year at PhP 310.7 billion.

National Government Financing. To finance the deficit, the government intends to borrow PhP631 billion, PhP126 billion from external sources and PhP505 billion from the domestic market. This corresponds to a foreign-domestic borrowing mix of 20:80 which minimizes the risks from exchange rate volatility.

Table 14. Government Financing Program 2015-2017

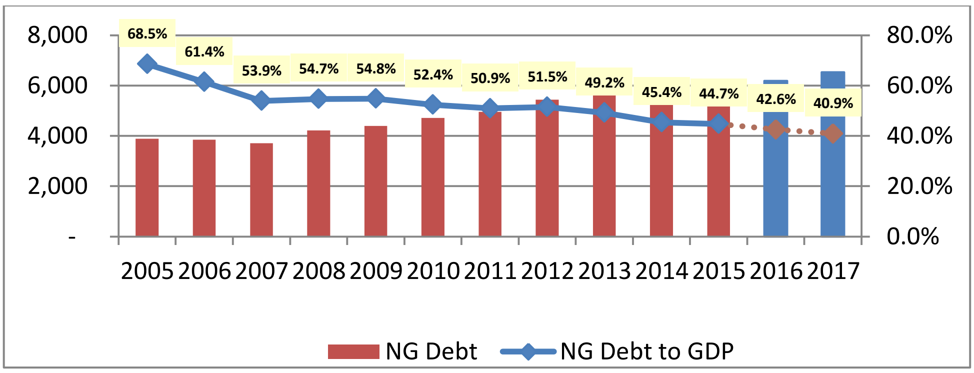
Particulars (in Billion Pesos)	2015 Actual	2016 Program	2017 Proposed
Net Financing	242,851	516,804	546,076
External (Net)	64,782	-18,219	46,844
External (Gross)	189,538	157,051	126,259
Less: Amortization	124,756	175,270	79,415
Domestic (Net)	178,069	535,023	516,804
Domestic (Gross)	420,072	538,373	505,035
Less: Amortization	242,003	3,351	5,803
Change in Cash	119,555	122,560	43,649
Budgetary	121,161	127,933	67,953
Non-Budgetary	(1,606)	(5,373)	(24,304)
NG Transactions	(2,142)	279	(18,133)
CB Restructuring	(3,748)	(5,652)	(6,171)
Gross Financing Mix	100	100	100
Foreign	31	23	20
Domestic	69	77	80

Source: BESF 2017

The national government plans to borrow from external sources through concessional loans from development partners and issuance of dollar bonds in global capital markets while domestically, financing through issuance of treasury bills and bonds to local investors.

NG and Public Debt.

Table 15. NG Debt Level and NG Debt to GDP, 2001-2017



Source: BTr and BESF 2017

The total outstanding debt of the national government is projected to reach P6.53 trillion by the end of 2017, lower by 5.5 percent over the 2016 level. As of 2015, debt stock reached PhP5.96 trillion of which PhP3.88 trillion (65.2 percent) are domestic liabilities and PhP2.07 trillion (34.8 percent) are foreign obligations. Using the rebased GDP, debt-to-GDP ratio is projected to 40.9 percent in 2017, the lowest since 2005.

Dimensions of the Proposed 2017 budget

The proposed 2017 budget amounts to PhP3.350 trillion, 11.6% higher than the PhP3.001 trillion budget for 2016 and accounts for 20.0% percent of the Gross Domestic Product (GDP).

The proposed budget of the top 10 executive departments comprises more than half (51.9%) of the total proposed budget and amounts to PhP1.738 trillion.

TABLE 16 : TOP 10 EXECUTIVE DEPARTMENTS

amount in PhP billion	2016 GAA		2017 NEP		Growth	
	Amount	Rank	Amount	Rank	Amount	%
Dept. of Education	433.4	1	567.6	1	134.2	31.0
Dept. of Public Works and Highways	397.1	2	458.6	2	61.5	15.5
Dept. of Interior and Local Gov.	125.4	3	150.1	3	24.7	19.7
Dept. of Health	125.0	4	144.3	4	19.3	15.4
Dept. of National Defense	117.7	5	134.5	5	16.8	14.3
Dept. of Social Welfare and Dev.	110.9	6	129.9	6	19.0	17.1
Dept. of Transportation	44.3	8	55.5	7	11.2	25.3
Dept. of Agriculture	48.9	7	45.3	8	-3.6	-7.4
Dept. of Environment and Natural Resources	22.3	9	29.4	9	7.1	31.8
Dept. of Finance	20.2	10	23.0	10	2.8	13.9
	1,445.2		1,738.2			

Source DBM

Education. As in the past, the Department of Education will have the highest budgetary allocation of PhP567.6 billion, a hefty increase of 31 percent from this year's budget. Bulk of the budget is primarily intended for the reduction of the basic input shortages. This includes the construction of about 37,500 classrooms, hiring of 53,831 additional teachers and provision of scholarships to 2.7 million students in private schools. Basic Educational Facilities will get PhP116.78 billion in 2017.

The total annual appropriations of the education sector will increase to PhP649.56 billion in 2017 growing by 29.4% from PhP501.81 billion in 2016.

Higher education will be allotted bigger allocation with the SUCs receiving PhP58.81 billion in 2017 or an increase of 22%. The Commission on Higher Education (CHED) will get PhP13.37 billion, up from PhP9.66 in 2016 to provide more student financial assistance programs and to fund the K-to-12 transition program. Based on an earlier study conducted by the CHED together with other government agencies, about 13,274 teaching and 10,464 non-teaching personnel may be displaced across the program's five year transition period. The latest estimate of CHED (as of August 19, 2016) shows that 329 HEIs will be affected and there will be 2,888 HEI personnel (2,169 teaching and 719 non teaching) who wlll be displaced. For 2017, PhP4.55 billion will be allocated to cover the requirements of the K to 12 transition program.

Meanwhile, the Technical Education and Skills Development Authority will get roughly the same amount at PhP6.87 billion in 2017.

Education Sector Budget (in billion PhP)	2015	2016	2017	%change (2016 vs 2015)	%change (2017 vs 2016)
Education	**373.64**	**501.81**	**649.56**	**34.3**	**29.4**
Basic Education					
Department of Education	309.9	433.38	567.56	39.8	31.0
Department of Science and Technology-Philippine Science High School	1.16	2.01	3.93	73.3	95.5
Tertiary Education					
State Universities and Colleges	47.71	49.66	58.81	4.1	18.4
Commission on Higher Education	7.04	9.66	13.37	37.2	38.4
Department of Science and Technology Science Education Institute	2.24	2.25	2.95	0.4	31.1
Technical-Vocational Education					
Technical Education and Skills Development Authority	5.59	6.86	6.87	22.7	0.1

Health. For 2017, the total proposed budget for the health sector is PhP151.46 billion. This is 14.1 percent bigger than the PhP132.74 billion for 2016. The allocation for the Department of Health (DoH) (excluding the Philippine Health Insurance Corporation) which accounts for 61 percent of the health budget will increase to PhP94.05 billion in 2017 from PhP81.06 billion in 2016, or by 16 percent.

The agency's Health Facilities Enhancement Program budget will suffer an almost five billion cut while its Preventive and Promotive Health Program will get the biggest allocation amounting to PhP24.55 billion. Also noteworthy is the almost two billion proposed increase in the budget for Responsible Parenthood Program which is in line with the government's plan to fully implement the Reproductive Health Law.

Health Sector Budget (in billion PhP)	2015	2016	2017	% change (2016 vs 2015)	% change (2017 vs 2016)
Total Health Budget	**104.96**	**132.74**	**151.46**	**26.5**	**14.1**
Department of Health	**64.09**	**81.06**	**94.05**	**26.5**	**16.0**
Preventive and Promotive Health Programs	15.46	19.46	24.55	**25.9**	**26.2**
Health Facilities Enhancement Program	13.36	26.87	21.88	**101.1**	**-18.6**
Responsible Parenthood Program	3.27	2.28	4.26	**-30.3**	**86.8**
Philippine Health Insurance Program*					
National Health Insurance Program	36.31	43.9[1]	50.22	20.90%	14.40%

*Included under the DOH-OSEC budget

Drug Abuse Treatment and Rehabilitation will also be given ample budget next year. The allocation for hospital services specifically for the said treatment will significantly increase from PhP267 million in 2016 to PhP3.08 billion. However, PhP2.9 billion of this budget, will go to NCR alone, PhP 2.65 billion of which will be for capital outlays. Other regions will not receive any allocation for capital outlay. In the August 2016 Committee hearings in the Senate, General De la Rosa of the Philippine National Police and General Lapena of the Philippine Drug Enforcement Agency estimated that there are 3.7 million drug users in the country, more than half are shabu users, of which 690,000 are unemployed. Chairman Rojas of the Dangerous Drug Board further revealed that there are only 44 drug rehabilitation centers in the whole country with a bed capacity of about 5,000 while the number of those who surrendered is about 600,000.

Meanwhile, the National Health Insurance Program of Philhealth will be allocated PhP50.22 billion in 2017. This is 14.4 percent bigger than 2016's 43.90 billion and will sustain the health insurance coverage of about 15.4 million indigent families and 5.4 million senior citizens. Of the said budget, PhP37.06 billion will be allotted for the health insurance premiums of indigents and PhP13.05 billion will be for the health insurance premiums of senior citizens who are not yet covered by any PhilHealth insurance program and are not qualified as dependents of principal members.

Agriculture. Despite earlier pronouncements that the Duterte administration will prioritize the agricultural sector, the Department of Agriculture (DA) is set to receive a budget PhP3.6 billion lower than this year's while the total agricultural sector budget (the DA and its attached agencies and corporations, including those that have been transferred to other executive offices) will receive PhP93.45 billion, representing a mere 1.3 percent increase from the PhP92.34 billion it received for 2016.

Among the attached corporations under the other executive offices, the National Irrigation Administration (NIA) will receive PhP36.36 billion, the National Food Authority (NFA) will receive PhP5.10 billion, the Philippine Coconut Authority (PCA) will receive PhP1.44 billion, and the Fertilizer and Pesticide Authority (FPA) will receive PhP0.112 billion.

Of the PhP35.69 billion budget under the Office of the Secretary (OSEC), the DA proposes a total allocation of PhP18.89 billion for its banner programs (rice, corn, high value crops, and livestock). The OSEC's major final outputs (MFOs) include: agriculture and fisheries policy services (PhP0.071 billion), technical and support services (PhP15.19 billion), irrigation network services (PhP3.34 billion), farm-to-market roads (PhP0.059 billion), provision on agricultural equipment and facilities (PhP4.49 billion), and plant and animal regulation services (PhP1.028 billion). If the other executive offices (i.e., NIA) will be considered, the MFO on irrigation network services will still continue to have the biggest share of the total agriculture agency budget with PhP16.38 billion.

The quick response fund (QRF) was removed from the 2017 budget of the DA. The QRFs are built-in budgetary allocations that represent pre-disaster or standby funds for agencies in order to immediately assist areas stricken by catastrophes and crises. Unlike the Calamity Fund, the QRF does not require the recommendation of the NDRRMC or the approval of OP to trigger the use and release of funds. When the QRF gets depleted, the agency may request for replenishment with a request to the DBM and to be approved by the Office of the President. The DA was among the agencies with built-in QRFs (PhP500 million in 2016) to ensure immediate action during calamities (i.e., provision of seeds and other planting materials, fingerlings and fries, livestock, among others). Since it was removed from the 2017 Budget of the DA, the agency now has to request for a calamity fund assistance through the Office of Civil Defense, the National Disaster and Risk Reduction and Management Council, the Office of the President before it gets released by the DBM.

Funding for the DA's projects was cut by more than P12 billion, from P20.5 billion to P8.4 billion in 2017.

Agrarian Reform . Similar to DA, the Dept. of Agrarian Reform(DAR) will also receive a lower budget next year. As per the 2017 National Expenditure Program (NEP), DAR will receive a total appropriation of PhP10.14 billion, representing a 2.4 percent reduction from the PhP10.39 billion total appropriations for 2016.

Among the major final outputs (MFOs) of the agency, land tenure services will again receive the biggest share of the budget in 2017, with PhP3.26 billion accounting for 32.17 percent of the total. Technical advisory and support services will receive PhP1.42 billion (14.01% of the total) while agrarian legal services will receive PhP0.731 billion (7.21% of the total). Agrarian policy advisory services will receive the smallest share of the budget with PhP0.131 billion accounting for 1.29 percent of the total.

Welfare and Social Protection. For 2017, the DSWD will receive a higher budget of PhP129.91 billion. This is approximately seventeen percent more than its 2016 level **of PhP110.91 billion**. As in previous years, the Conditional Cash Transfer program will receive the bulk of the DSWD proposed budget at PhP78.69 billion which is 25.6% higher than 2016. The Social Pension for Indigent Senior Citizens will likewise increase to PhP78.69 billion.

In contrast, the supplementary feeding program of the agency will decline by almost 20%, to PhP3.43 billion.

(in billion PhP)	**2015**	**2016**	**2017**	% change (2016 vs 2015)	% change (2017 vs 2016)
Department of Social Welfare and Development (DSWD)	**110.09**	**110.91**	**129.91**	**0.7**	**17.1**
Conditional Cash Transfer	54.78	62.67	78.69	14.4	25.6
Social Pension for Indigent Senior Citizens	5.7	8.71	17.94	52.8	106.0
Kalahi-CIDDS NCDDP	14.65	10.98	10.73	-25.1	-2.3
Sustainable Livelihood Program	4.62	9.61	9.6	108.0	-0.1
Supplementary Feeding Program	2.8	4.27	3.43	52.5	-19.7

National Defense. From PhP117.73 billion in 2016, the total budget of the Department of National Defense (DND) will go up to PhP134.54 billion in 2017, representing an increase of 14%.

Expenditure Program, General Expense Class, CY 2015-2017 (In Thousand Pesos)				
Particulars	**2015 Actual**	**2016 Adjusted**	**2017 Proposed**	**Variance 2016 - 2017 (%)**
Office of the Secretary - Proper	626,518	594,293	440,270	-25.92
Government Arsenal	1,224,160	1,089,599	1,234,483	13.30
National Defense College of the Philippines	61,588	69,397	75,608	8.95
Office of Civil Defense	1,008,640	1,035,559	491,033	-52.58
Philippine Veterans Affairs Office	**11,511,625**	**1,608,673**	**1,738,748**	**8.09**
(PVAO) – Proper	10,312,611	498,512	501,169	0.53
Veterans Memorial Medical Center	1,199,014	1,110,161	1,237,579	11.48
Armed Forces of the Philippines (AFP)	**80,285,949**	**80,239,829**	**96,456,998**	**20.21**
Philippine Army (Land Forces)	48,828,923	47,563,062	56,915,182	19.66
Philippine Air Force (Air Forces)	15,256,612	16,384,336	18,924,155	15.50
Philippine Navy (Naval Forces)	16,200,414	16,292,431	20,617,661	26.55
General Headquarters, AFP and AFP-Wide				
Service Support Units (AFPWSSUS)	57,058,791	33,096,310	34,105,318	3.05

Source: BESF 2017

By expense, the most noticeable difference is the budget for the Office of Civil Defense which will fall from PhP1.03 billion in 2016 to just PhP491 million for 2017 or a reduction of 52%. Another department that will suffer a budget cut is the Office of the Secretary, from PhP594 million in 2016 to PhP440 million in 2017, or a 26% decline.

On the other hand, the Armed Forces of the Philippines (AFP) will have the biggest increase in the budget. From PhP80.24 billion in 2016, it will rise by 20% or to PhP96.46 billion,

Of the three branches of the AFP, the Philippine Navy will get the biggest share of the AFP budget with 21.4% or PhP20.62 billion. It will also get the biggest boost compared to last year's budget of PhP16.29 billion to its proposed budget for 2017 of PhP20.62 billion giving it a 27% increase.

Interior and Local Government. The DILG is the third among the top ten executive offices with the highest proposed budgetary allocation. Its budget will increase by 20 percent from PhP125.39 billion in 2016 to PhP150.05 billion in 2017. The Bureau of Jail Management and Penology (BJMP) and the Philippine National Police (PNP) will have the highest incremental increase with 38 percent and 25 percent respectively.

Table 4. DILG Budget, 2015-2017 (in million pesos)

Agency	2015	2016	2017	Share to Total (%)			Growth Rate (%)	
				2015	2016	2017	2015-2016	2016-2017
OSEC	16,003.60	13,090.34	11,128.37	15.14	10.44	7.42	(18.20)	(14.99)
BFP	8,894.80	12,219.42	13,789.20	8.41	9.74	9.19	37.38	12.85
BJMP	6,725.20	8,063.93	11,144.22	6.36	6.43	7.43	19.91	38.20
LGA	213.5	259.99	235.17	0.20	0.21	0.16	21.78	(9.55)
NAPOLCOM	1,466.90	1,507.50	1,672.05	1.39	1.20	1.11	2.77	10.92
PNP	70,882.10	88,638.22	110,396.14	67.04	70.68	73.57	25.05	24.55
PPSC	1,544.50	1,619.92	1,685.17	1.46	1.29	1.12	4.88	4.03

Department Of Justice

Department of Justice Budget 2015-2017 (in thousand pesos)				
Particulars	**2015 (Actual)**	**2016 (Adjusted)**	**2017 (Proposed)**	**Variance 2016 - 2017 (%)**
OSEC	4,846,175	4,680,383	5,357,416	14.47
BuCor	2,016,834	2,043,015	2,227,300	9.02
BI	767,430	878,316	1,022,652	16.43
LRA	1,199,167	1,334,707	1,504,438	12.72
NBI	1,119,217	1,274,797	1,367,513	7.27
OGCC	115,162	98,710	125,462	27.10
OSG	903,806	636,359	770,495	21.08
PPA	673,701	669,882	806,790	20.44
PCGG	115,289	104,882	114,661	9.32
PAO	2,101,846	2,061,141	2,700,761	31.03
Total	**13,858,627**	**13,782,192**	**15,997,488**	**16.07**
Source: BESF 2017				

The proposed budget of the Department of Justice (DOJ) for 2017 amounts to PhP15.99 billion as against its budget of PhP13.78 billion in 2016. Out of all the agencies under the DOJ, the Public Attorney's Office (PAO) will receive the biggest increase at 31%. The second agency to receive the highest percentage of increase is the Office of the Government Corporate Counsel (OGCC) with a proposed budget of PhP125.46 million for 2017 as opposed to 2016 budget of only PhP98.71 million representing a 27% increase.

Closely following it is the Office of the Solicitor General (OSG) with a proposed budget of PhP770.5 million for 2017. The agency with the least increase is the National Bureau of Investigation (NBI).

The Judiciary. The Judiciary's proposed budget fro 2017 amounts to PhP32.54 billion for 2017 as against its budget of PhP26.79 billion in 2016. Out of all the agencies under the Judiciary, the Presidential Electoral Tribunal (PET) will receive the biggest increase of 24%, followed by the Supreme Court (SC) with a proposed budget of PhP29.80 billion representing a 22.8% increase from this year's budget. Next is the Court of Appeals with a proposed budget of PhP1.81 billion for 2017 compared to its 2016 budget of PhP1.56 billion. The only agency which will see a budget reduction is the Sandiganbayan, in the amount of PhP500 million compared to its 2016 budget of PhP580 million this year.

The Judiciary Budget, 2015-2017 (in thousand pesos)

Particulars	2015 (Actual)	2016 (Adjusted)	2017 (Proposed)	Variance 2016 - 2017 (%)
Supreme Court	18,386,228	24,261,846	29,799,117	22.82
Presidential Electoral Tribunal	76,265	90,864	112,602	23.92
Sandiganbayan	331,933	580,904	500,672	-13.81
Court of Appeals	1,634,071	1,559,949	1,809,476	16.00
Court of Tax Appeals	259,435	297,335	319,519	7.46
Total	**20,687,932**	**26,790,898**	**32,541,386**	21.46

Source: BESF 2017

Tourism. Of the 2017 proposed PhP3.35-trillion budget, PhP2.23 billion of which will be allotted to the Department of Tourism-Office of the Secretary. The budget is seen to create more jobs and livelihood opportunities from the country's tourist destinations. On top of the PhP2.23-billion proposed DOT budget is the PhP20.1-billion allocated for tourism infrastructure development – airports, seaports and access to roads. In addition, DOT is set to receive budget under the special provisions – PhP4.57 million from Tourism Development Fund and PhP150 million from the net profit of Duty Free Philippines.

Office of the President. The proposed budget for the Office of the President amounting to P20.03 billion is a substantial increase from the PhP8.56 billion in 2015 and the PhP2.86 billion budget this year. According to the DBM Secretary, PhP15.46 billion of the OP's budget will be was earmarked for the country's hosting of the 5oth anniversary of the ASEAN Summit next year. The said amount will be directly released to the following implementing agencies:

ASEAN Summit Expenses for 2017 (in thousand pesos)

Office of the President	P 11,074,760
Department of Tourism	749,563
Presidential Communications Operations Office (PCOO)	1,457,697
Department of Trade and Industry (DTI)	177,678
Department of Interior and Local Government (DILG)	2,000,000
TOTAL	P 15,459,698

In 2015, however, the government also hosted the Asia-Pacific Economic Cooperation (APEC) Summit with a much smaller budget but with a larger contingent of 21 participating countries compared to ASEAN's only 10 member nations.

Other Expenses (in '000 PhP)	2015	2016	2017	Difference	% Change
Travel	312,936	313,187	2,128,255	1,815,068	579.55
Communication	27,831	23,891	1,315,657	1,291,766	5,406.91
Confidential	272,500	250,000	1,250,000	1,000,000	400.00
Intelligence	272,500	250,000	1,250,000	1,000,000	400.00
Professional Services	1,519,951	78,946	2,114,739	2,035,793	2,578.72
Representation expenses	848,570	139,340	7,554,816	7,415,476	5,321.86
Rent/Lease	1,510,212	48,952	2,328,541	2,279,589	4,656.78
TOTAL	**4,764,500**	**1,104,316**	**17,942,008**	**16,837,692**	**1,524.72**

By expense class, the OP's budget for MOOE will increase significantly. Biggest increases from 2016 can be seen in the President's Communication and Representation Expenses and Expenses on rent/lease. The budget for professional services will likewise go up by PhP 2 billion. The intelligence and confidential funds of the current administration is also five times more than the previous administration's PhP500 million. The said amount is still on top of the other intelligence and confidential funds allocated to other departments such as the Armed Forces of the Philippines (AFP), Philippine National Police (PNP), Department of Environment and Natural Resources (DENR), Department of Interior and Local Government (DILG), Department of Information and Communications Technology (DICT), Department of National Defense (DND), Department of Torusim (DOT), Anti-Money Laundering Council (AMLC), Energy Regulatory Commission (ERC), National Intelligence Coordinating Agency (NICA), Philippine Drug Enforcement Agency (PDEA), Autonomous Region in Muslim Mindanao (ARMM), Commission on Audit (COA), Office of the Ombudsman (OMB), and Commission on Human Rights (CHR).