

2020 PEOPLE'S IMPLEMENTED BUDGET

*Continuing the Journey to a More Peaceful
and Progressive Philippines*



Republic of the Philippines

DEPARTMENT OF BUDGET AND MANAGEMENT

2020 People's Implemented Budget^{1/}

Continuing the Journey to a More Peaceful and Progressive Philippines

The declaration of a global pandemic in 2020 took the world by surprise and severely disrupted lives and economies, not sparing the Philippines. Confronted with this unforeseen crisis, the Duterte Administration responded swiftly, without wavering in its promise to bring to fulfillment the Filipinos' collective aspiration for a strongly-rooted, comfortable, and secure life. The **PhP4.100 trillion National Cash Budget for 2020** enabled the government to preserve the gains and sustain the progress achieved in the previous years, while mobilizing the resources needed to swiftly respond to and recover from the pandemic.

Highlights of the 2020 National Budget



Continued Adoption of the Cash Budgeting System

The government continued the transitional implementation of Cash Budgeting System pursuant to Executive Order 91, s. 2019 to ensure implementation readiness of programs, activities, and projects; and increase efficiency of government services through better planning, early procurement, and time-bound implementation.*

*In view of the pandemic, the validity of FY 2020 Budget was extended until December 31, 2021 pursuant to Republic Act 11520.

Boosted Social Services Spending

PhP1,754.3 billion, or 40.7% of the National Budget, was allocated to the social services sector to support programs and projects on education, health, social welfare, and housing, among others.

Increase in the Deficit and Debt-to-GDP Ratio

The deficit and debt-to-GDP ratio settled at PhP1.371 trillion and 54.6%, respectively, due to the higher financing requirements for the government's pandemic response measures.

Enactment of *Bayanihan I* and *Bayanihan II* Laws

Under RA Nos. 11469 and 11494 or the *Bayanihan I* and *II* Laws, the National Government authorized the realignment of funds under the 2020 National Budget to help finance the larger spending requirements for the COVID-19 response and to help keep the economy afloat amid the crisis.



^{1/}The 2020 People's Implemented Budget is published as a report to the people on how the FY 2020 General Appropriations Act (GAA) was spent by the National Government in terms of actual obligations.

Macroeconomic Performance

Despite the COVID-19 pandemic temporarily derailing the Philippines' growth momentum and trajectory for 2020, the strong macroeconomic fundamentals, manageable inflation environment, and accommodative monetary policy that were already in place helped the country weather the worst and ensured that the economy would rebound and recover.

Actual Macroeconomic Performance versus Assumptions, 2020^{a/}

Particulars	FY 2019 (Actual)	Initial Projections from 2020 BESF	Adjusted/Updated Projections from the 2021 BESF	FY 2020 (Actual)
Real GDP Growth (%)	6.1	6.5 – 7.5	(4.5) – (6.6)	(9.6)
Inflation (%)	2.5	2.0 – 4.0	1.75 – 2.75	2.6
364-day T-bill rate (%) ^{b/}	5.2	5.0 – 6.0	2.5 – 3.5	2.4
Foreign exchange rate (PhP/US\$1)	51.80	51.00 – 55.00	50.00 – 52.00	49.62
180-day LIBOR (%)	2.3	1.5 – 2.5	0.8 – 1.5	0.7
Dubai crude oil price (US\$/barrel)	63.53	60.00 – 75.00	35.00 – 45.00	42.21
Goods exports growth (%) ^{c/}	2.9	6.0	(16.0)	(9.8) ^{r/}
Goods imports growth (%) ^{c/}	(0.2)	8.0	(18.0)	(20.2) ^{r/}

a/ Macroeconomic assumptions adopted by the Development Budget Coordination Committee (DBCC), as published in the Budget of Expenditures and Sources of Financing (BESF)

b/ Based on primary market rates

c/ Based on Balance of Payments and International Investment Position Manual, 6th edition (BPM6) concept

r/ revised

Note: Actual data for 2020 are annual averages.



Real GDP Growth

The Philippine economy, weakened by the pandemic, experienced an extreme 9.6% contraction in 2020.

Inflation

The inflation in 2020 averaged at 2.6%, still within the initial projection of 2.0%-4.0%.

364-day Treasury Bill (T-Bill) Rate

The average T-Bill rate settled at 2.4% in 2020, in view of stronger market demand for safe-haven government securities.

180-day London Interbank Offered Rate (LIBOR)

The 180-day LIBOR averaged at 0.7% in 2020 as major central banks worldwide implemented accommodative monetary policies in response to the output contraction caused by the pandemic.

Foreign Exchange Rate

The peso-dollar exchange rate in 2020 averaged at PhP49.62/US\$1, stronger than the initial assumption of PhP51.00-55.00/US\$1 in 2020.

Dubai Crude Oil Price

The average Dubai crude oil price in 2020 settled at US\$42.21 per barrel, lower than the US\$63.53 per barrel in 2019. The drop in the global crude oil prices was prompted by the disagreements between the Organization of Petroleum Exporting Countries and its allies concerning oil policy direction and the lower oil consumption caused by the global health crisis.

Import and Export of Goods

Exports of goods declined by 9.8% in 2020 as global supply chains were disrupted by the pandemic. Similarly, imports also declined by 20.2% as government-imposed community quarantines caused weak domestic demand for consumer goods.

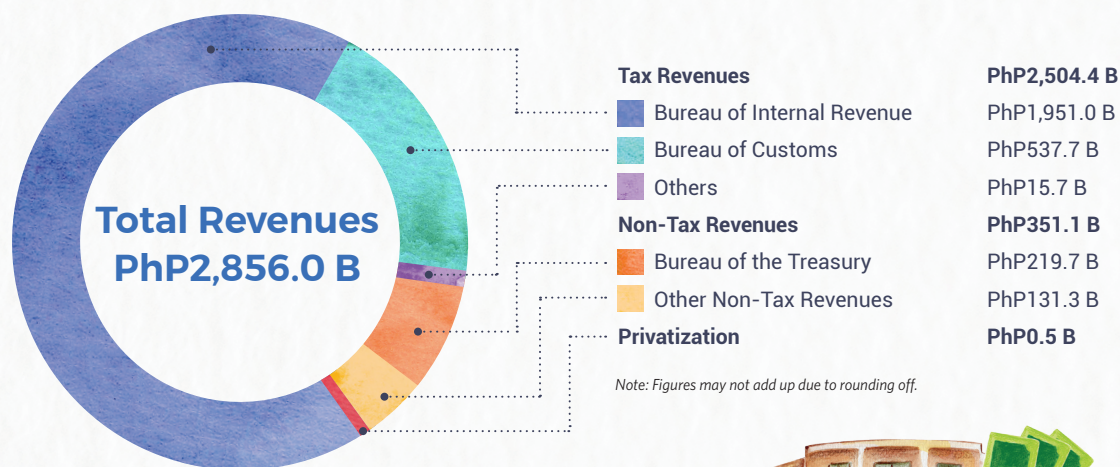


Fiscal Performance

Total revenues collected in 2020 amounted to PhP2,856.0 billion, 9.0% lower than the PhP3,137.5 billion in 2019 due mainly to the imposition of community quarantines that led to reduced economic activity. Disbursements, on the other hand, increased by 11.3%, reaching PhP4,227.4 billion, on account of higher government spending to address the COVID-19 health emergency. Consequently, the increase in disbursements brought the deficit to PhP1,371.4 billion, prompting the government to borrow PhP2,741.1 billion from domestic and foreign sources.

Revenue Collection

Sources of Revenues



Borrowing Performance

National Government Financing

Gross Borrowings	PhP2,652.5 B	National Government Debt	PhP9,795.0 B
Domestic Borrowings	PhP1,910.1 B	Domestic Debt	PhP6,694.7 B
External Borrowings	PhP742.4 B	External Debt	PhP3,100.3 B

Disbursement Performance



Personnel Services

2020: PhP1,178.5 B
2019: PhP1,115.0 B



Infrastructure and Other Capital Outlays

2020: PhP681.5 B
2019: PhP881.7 B



Maintenance and Other Operating Expenses (MOOE)

2020: PhP885.4 B
2019: PhP572.9 B

Expenditures for personnel services reached PhP1,178.5 billion to address the need for more health care workers and provide them with risk allowance/hazard pay, and fund the salary adjustments for government employees.

Disbursements for infrastructure and other capital outlays, on the other hand, decreased to PhP681.5 billion as some capital outlay projects that could no longer be implemented or completed due to the pandemic were discontinued and had their budgets realigned for COVID-19 response.

MOOE spending amounted to PhP885.4 billion to cover the Social Amelioration Program of the Department of Social Welfare and Development, COVID-19 Adjustment Measures Program of the Department of Labor and Employment, and banner health programs of the Department of Health, among others.

Budget Priorities^{2/}

Performance of Selected Departments

Although budget priorities for 2020 were significantly altered in response to an unprecedented global health emergency, they remained consistent with the Administration's promise of change towards a more peaceful and progressive Philippines. Through the *Bayanihan* I and II Laws, the 2020 National Budget helped fund critical pandemic response measures and enabled the government to address the needs of the most affected and vulnerable sectors.

Education, Health, and Social Protection

Education Sector

Department of Education

Learning Resources and Manpower

- 9.8 million textbooks and instructional/learning materials procured for printing and delivery
- 36,679 ICT packages procured and are for delivery
- 4,702 teaching positions filled

Inclusive Education

- 144,047 Muslim learners enrolled in the Arabic Language and Islamic Values Education (ALIVE) Program of 5,121 public schools
- 121,150 members of the Indigenous Peoples group enrolled in the National Indigenous Peoples Education (IPED) Program of 3,032 public schools
- 244,158 school-age children in remote communities enrolled in 1,162 public schools with multigrade education program
- 478,672 out-of-school youths above 15 years of age accommodated in 22,782 community learning centers

Support to Learners

- 3,517,934 severely wasted and wasted learners served nutritious food through the School-Based Feeding Program

Government Assistance and Subsidies

- 1,001,842 grantees in private schools benefited from the Education Service Contracting Program
- 1,093,345 Senior High School (SHS) learners supported through the SHS Voucher Program
- 92,033 grantees provided with financial assistance through the Joint Delivery Technical-Vocational-Livelihood Program



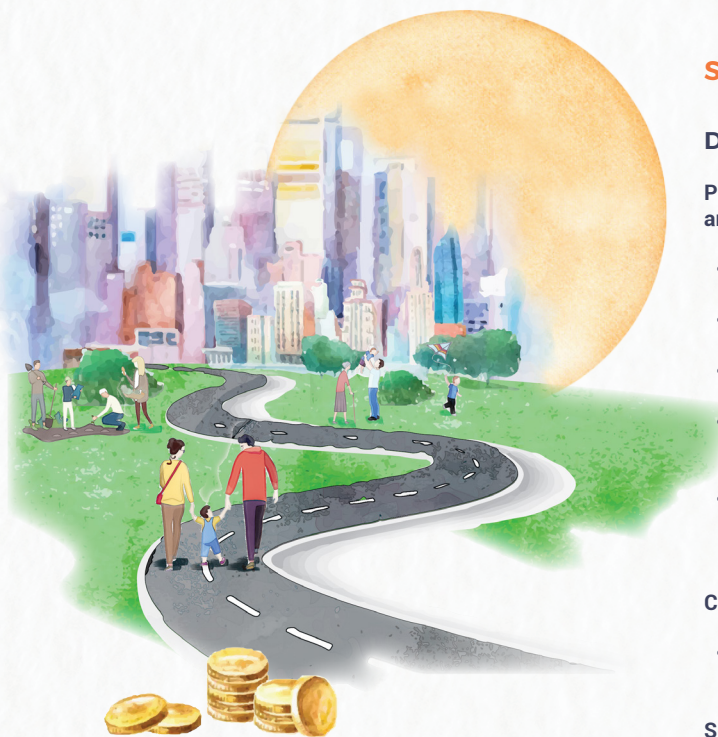
Commission on Higher Education

Higher Education Development

- 1,388,712 students covered by the Free Higher Education under the Universal Access to Quality Tertiary Education Act
- 296,381 scholarships and student grants awarded*
- 6,523 faculty members received faculty development grants

*Includes 94,506 beneficiaries covered by the Student Financial Assistance Programs (StuFAPs) (60,782 beneficiaries under the Bayanihan II Higher Education Tulong Program; 33,337 beneficiaries of the regular StuFAPs; and 387 dependents and children of sugarcane industry workers and small farmers)

^{2/}Based on the FY 2020 Annual Fiscal Report



Health Sector

Department of Health

- 1,299,268 patients provided with medical assistance through the Medical Assistance to Indigent Patients Program
- 156,814 drug abuse in-patient and out-patient cases managed

Philippine Health Insurance Corporation

Health insurance premiums were provided for:

- 12.6 million indigent families listed under the National Household Targeting System for Poverty Reduction
- 8.0 million senior citizens not covered under any existing PhilHealth membership category
- 346,762 Point of Service patients
- 21,952 families under the *Payapa at Masaganang Pamayanan (PAMANA)* Program
- 17,232 unemployed persons with disability

Social Protection Sector

Department of Social Welfare and Development

Protective Programs for Vulnerable Individuals and Households

- 32,663,692 individuals benefited by the Social Amelioration Program*
- 1,978 children adopted and fostered through the Alternative Family Care Program
- 1,224,270 beneficiaries protected through the Protective Services Program
- 6,781 street families and 5,257 street children assisted through the Comprehensive Program for Street Children, Street Families, and *Badjaos*
- 1,598 trafficked persons and 31,775 distressed and undocumented overseas Filipinos provided with social welfare services

Conditional Cash Transfer (CCT)

- 4,388,951 households provided with educational and health allowances

Supplementary Feeding Program

- 1,847,970 children served hot meals in Community Development Centers and Supervised Neighborhood Play managed by local government units
- 15,890 malnourished children enrolled in Madrasahs or Muslim schools in the Autonomous Region in Muslim Mindanao and 5,825 lactating and pregnant mothers were served hot meals

Sustainable Livelihood Program (SLP)

- 198,249 families assisted under the SLP's Microenterprise Development and Employment Facilitation track, and Livelihood Assistance Grants

Social Pension for Indigent Senior Citizens

- 3,299,064 indigent senior citizens received a monthly pension of PhP500.00

Disaster Response and Management Program

- 739,425 internally-displaced households provided with disaster response services
- 791,476 households provided with early recovery services

*Includes 17,624,378 individuals for the first tranche; 14,322,176 individuals for the second tranche (including those who are waitlisted); and 717,138 individuals for the implementation of *Bayanihan II*

Agriculture, Environment, Natural Resources, and Risk Resiliency

Agriculture Sector

Department of Agrarian Reform

- 40,407 hectares of land distributed to agrarian reform beneficiaries (ARBs)*
- 520,342 ARBs trained in various courses on capacity and entrepreneurial skills
- 3,649 ARB organizations provided with technical, enterprise and farm productivity support, and physical infrastructure

**Include Emancipation Patents/Certificate of Land Ownership Awards registered in previous years and distributed in 2020*

Department of Agriculture

Agricultural Credit Policy Council

- 2,538 credit retailers/lenders and 3,712 end-borrowers were granted loans

Bureau of Fisheries and Aquatic Resources

- 38,752 individuals and 2,584 fisherfolk groups received aquaculture support/supply
- 602 individuals and 236 fisherfolk groups provided with postharvest support/supply
- 15,178 individuals and 302 fisherfolk groups received environment-friendly fishing gears/paraphernalia

Environment Sector

Department of Environment and Natural Resources

- 29 inland wetlands and 103 caves protected
- Five (5) critical habitats established and 12 managed
- 23 marine protected areas established

Good Governance and Justice

Department of Information and Communications Technology

- An additional 111 national government agencies/local government units connected digitally

Law, Public Order, and Safety

Department of the Interior and Local Government

Philippine National Police

- 33,848,291 foot and mobile patrol operations conducted
- 256,241 reported crimes investigated
- 8,503 wanted persons/high-value targets arrested



Youth and Marginalized

Department of Labor and Employment

- 42,055 youth beneficiaries assisted through the Employment Facilitation Program
- 1.6 million qualified applicants benefited through various employment opportunities offered by the network of Public Employment Service Offices
- 6.0 million beneficiaries served and 56,866 beneficiaries provided with livelihood assistance under the Workers Protection and Welfare Program*



**Through various programs such as the Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers (TUPAD) Program, Government Internship Program (GIP), Adjustment Measures Program (AMP), Child Labor Prevention and Elimination Program (CLPEP), On-Site Services for OFWs, and Family Welfare Program (FWP)*

Construction and Economic Development**

Department of Public Works and Highways

Bridge Program

- 19,391.09 lineal meters and 185,378.9 m² of bridges constructed
- 380 bridges maintained/rehabilitated

Flood Management Program

- 1,379 flood mitigation structures and drainage systems were built
- 402 flood mitigation facilities along major river basins and principal rivers were constructed/rehabilitated

Convergence and Special Support Program

- 3,241 health facilities, water supply systems, multipurpose buildings, and farm-to-market roads, among others, constructed
- 402.056 km of local roads built

Department of Transportation

- Provided a Php6,500 direct cash subsidy to the following holders of valid Certificates of Public Convenience/Provisional Authority/Special Permit:
 - 120,000 PUJs
 - 21,998 PUBs
 - 425 P2P Bus
 - 1,259 Mini Bus
 - 24,374 UV Express
 - 10,188 Filcab

***The quarantine restrictions in 2020 heavily affected the movement of people and goods, resulting in delays in the construction, rehabilitation, and improvement of various infrastructure projects.*



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