



Development Budget Coordination Committee
Malacañang, Manila

MID-YEAR REPORT ON THE **FY 2021** **NATIONAL** **BUDGET**

September 30, 2021*

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LIST OF ACRONYMS AND ABBREVIATIONS

4Ps	<i>Pantawid Pamilyang Pilipino Program</i>
ACPC	Agricultural Credit Policy Council
ACs	Assessment Centers
ADB	Asian Development Bank
AFP	Armed Forces of the Philippines
AICS	Assistance to Individuals in Crisis Situation
AIIB	Asian Infrastructure Investment Bank
AKAP	<i>Abot Kamay ang Pagtulong</i>
ALIVE	Arabic Language and Islamic Values Education
AMP	Adjustment Measures Program
AMTEC	Agricultural Machinery Testing and Evaluation Center
AS	Activity Sheets
ASF	African Swine Fever
AY	Academic Year
BABay ASF	<i>Bantay African Swine Fever sa Barangay</i>
BangUN	<i>Bangsamoro Umpungan sa Nutrisyon</i>
BARMM	Bangsamoro Autonomous Region in Muslim Mindanao
BCDA	Bases Conversion and Development Authority
BEF	Basic Education Facilities
BE-LCP	Basic Education – Learning Continuity Plan
BESF	Budget of Expenditures and Sources of Financing
BFAR	Bureau of Fisheries and Aquatic Resources
BFP	Bureau of Fire Protection
BIR	Bureau of Internal Revenue
BJMP	Bureau of Jail Management and Penology
BOC	Bureau of Customs
BOP	Balance of Payments
BP2	<i>Balik Probinsya, Bagong Pag-asaya Program</i>
BPM6	Balance of Payments and International Investment Position Manual, 6th edition
BPO	Business Process Outsourcing
BSP	<i>Bangko Sentral ng Pilipinas</i>
BTr	Bureau of the Treasury
BUR	Budget Utilization Rate
CAMP	COVID-19 Adjustment Measures Program
CBS	Cash Budgeting System
CCT	Conditional Cash Transfer
CDC	Child Development Centers
CHED	Commission on Higher Education

LIST OF ACRONYMS AND ABBREVIATIONS

CIPHER	Clean and Vertically-Integrated Pure/Applied Hydrogen Energy Research for Next Generation Power Systems
CIT	Corporate Income Tax
CLPEP	Child Labor Prevention and Elimination Program
CO	Capital Outlays
CODE-NGO	Caucus of Development NGO Networks
COR	Cash Operations Report
COVID-19	Coronavirus Disease 2019
CPC	Certificate of Public Convenience
CQ	Community Quarantine
CREATE	Corporate Recovery and Tax Incentives for Enterprises
CTRP	Comprehensive Tax Reform Program
DA	Department of Agriculture
DBCC	Development Budget Coordination Committee
DBM	Department of Budget and Management
DCP	DepEd Computerization Program
DENR	Department of Environment and Natural Resources
DepEd	Department of Education
DHSUD	Department of Human Settlements and Urban Development
DICT	Department of Information and Communications Technology
DILG	Department of the Interior and Local Government
DILP	DOLE Integrated Livelihood Program
DIME	Digital Imaging for Monitoring and Evaluation
DND	Department of National Defense
DOF	Department of Finance
DOH	Department of Health
DOJ	Department of Justice
DOLE	Department of Labor and Employment
DOST	Department of Science and Technology
DOTr	Department of Transportation
DPWH	Department of Public Works and Highways
DRRM-H	Disaster Risk Reduction Management-Health
DST	Documentary Stamp Tax
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
ECC	Environmental Compliance Certificate
ECCDC	Early Childhood Care and Development Council
ECQ	Enhanced Community Quarantine
EIA	Energy Information Administration
EMB	Environmental Management Bureau
EO	Executive Order

LIST OF ACRONYMS AND ABBREVIATIONS

EPP	Extended Payment Period
ESC	Education Service Contracting
FCA	Financial Conduct Authority
FIST	Financial Institutions Strategic Transfer
FLO	Flexible Learning Options
FLR	For Later Release
FMR	Farm-to-Market Road
FO	Field Office
FOMC	Federal Open Market Committee
FSI	Fire Safety Inspector
FSIC	Fire Safety Inspection Certificate
FT	Fiscal Transparency
FWP	Family Welfare Program
FX	Foreign Exchange
FY	Fiscal Year
GAA	General Appropriations Act
GAS	Government Assistance and Subsidies
GDP	Gross Domestic Product
GFI	Government Financial Institution
GHQ	General Headquarters
GIP	Government Internship Program
GOCC	Government-Owned and Controlled Corporation
GUIDE	GFI's Unified Initiatives to Distressed Enterprises for Economic Recovery
H1	First Half
H2	Second Half
HEAL COVID-19	Health Systems Enhancement to Address and Limit COVID-19
HEIs	Higher Education Institutions
HFEP	Health Facilities Enhancement Program
HRH	Human Resources for Health
IATF-EID	Inter-Agency Task Force on Emerging Infectious Diseases
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communications Technology
ICU	Intensive Care Unit
IMF	International Monetary Fund
INSPIRE	Integrated National Swine Production Initiatives for Recovery and Expansion
IO	Inspection Order
IP	Interest Payments
IPED	Indigenous Peoples Education

LIST OF ACRONYMS AND ABBREVIATIONS

IRA	Internal Revenue Allotment
ISFs	Informal Settler Families
JDVP-TVL	Joint Delivery Voucher Program for TVL
JICA	Japan International Cooperation Agency
KALAHI CIDSS-	<i>Kapit-Bisig Laban sa Kahirapan</i> - Comprehensive and Integrated Delivery of Social Services - National Community-Driven Development Program
NCDDP	
KKB	<i>Kapangyarihan at Kaunlaran sa Barangay</i>
LAG	Livelihood Assistance Grants
LEDAC	Legislative-Executive Development Advisory Council
LEES	Labor and Employment Education Services
LGSF	Local Government Support Fund
LGU	Local Government Unit
LIBOR	London Interbank Offered Rate
LLCS	Labor Laws Compliance System
LMI	Labor Market Information
LMS	Last Mile Schools Program
LTE-SME	Learning Tools and Equipment - Science and Mathematics
LTE-TVL	LTE-TechVoc Livelihood
M&E	Monitoring and Evaluation
MECQ	Modified Enhanced Community Quarantine
MEP	<i>Madrasah</i> Education Program
MGB	Mines and Geosciences Bureau
MMDA	Metropolitan Manila Development Authority
MOA	Memorandum of Agreement
MOOE	Maintenance and Other Operating Expenses
MPA	Marine Protected Area
MPBF	Miscellaneous Personnel Benefits Fund
MRT	Metro Rail Transit
MSME	Micro, Small, and Medium Enterprise
MUP	Military and Uniformed Personnel
NBC	National Budget Circular
NCA	Notice of Cash Allocation
NCR	National Capital Region
NDRRMF	National Disaster Risk Reduction and Management Fund
NEA	National Electrification Administration
NEDA	National Economic and Development Authority
NEHEMIA	National Effort for the Harmonization of Efficiency Measures of Interrelated Agencies
NAP	National Action Plan

LIST OF ACRONYMS AND ABBREVIATIONS

NEP	National Expenditure Program
NFA	National Food Authority
NG	National Government
NGA	National Government Agency
NHA	National Housing Authority
NHIP	National Health Insurance Program
NIA	National Irrigation Administration
NICR	National Index Crime Rate
NIPAS	National Integrated Protected Areas System
NLP	National Livestock Program
NNC	National Nutrition Council
NSCR	North South Commuter Railway
NTA	National Tax Allotment
NTF-ELCAC	National Task Force to End Local Communist Armed Conflict
OF	Overseas Filipino
OFW	Overseas Filipino Worker
OGP	Open Government Partnership
OGW	Open Government Week
OPEC	Organization of the Petroleum Exporting Countries
OSEC	Office of the Secretary
OWWA	Overseas Workers Welfare Administration
PA	Philippine Army
PAF	Philippine Air Force
PAMANA	<i>PAyapa at MAsagandang PamayaNAn</i>
PAPs	Programs, Activities, and Projects
PBB	Performance-Based Bonus
PCARI	Philippine-California Advanced Research Institute
PCERP	Philippines COVID-19 Emergency Response Project
PCMs	Provinces, Cities, and Municipalities
PCOO	Presidential Communications Operations Office
PCT	Process Cycle Time
PDITR+V	Prevent, Detect, Isolate, Treat, Reintegrate, plus Vaccinate
PDLs	Persons Deprived of Liberties
PESOs	Public Employment Service Offices
PFM	Public Financial Management
PHIC	Philippine Health Insurance Corporation
PIA	Philippine Information Agency
PISOS	Pump Irrigation System from Open Source
PLCs	Partner Lending Conduits
PN	Philippine Navy
PNP	Philippine National Police

LIST OF ACRONYMS AND ABBREVIATIONS

POWs	Program of Works
PPE	Personal Protective Equipment
PS	Personnel Services
PSA	Philippine Statistics Authority
Q1	First Quarter
Q2	Second Quarter
Q3	Third Quarter
Q4	Fourth Quarter
QRF	Quick Response Fund
RA	Republic Act
RAFPMP	Revised Armed Forces of the Philippines Modernization Program
R&D	Research and Development
R2KRN	Right to Know Right Now! Coalition
RFO	Regional Field Office
RTB	Retail Treasury Bond
RT-PCR	Reverse Transcription-Polymerase Chain Reaction
S1	First Semester
S2	Second Semester
SAAODB	Statement of Appropriations, Allotments, Obligations, Disbursements, and Balances
SAP	Social Amelioration Program
SARO	Special Allotment Release Order
SBFP	School-Based Feeding Program
SBWSP	Small Business Wage Subsidy Program
SEIPI	Semiconductor and Electronics Industries of the Philippines, Inc.
SFP	Supplementary Feeding Program
SGLG	Seal of Good Local Governance
SHS VP	Senior High School Voucher Program
SIKAP	Scholarships for Staff and Instructor's Knowledge Advancement Program
SLP	Sustainable Livelihood Program
SNP	Supervised Neighborhood Play
SocPen	Social Pension for Indigent Senior Citizens
SPED	Special Education
SPF	Special Purpose Fund
SPS	Sanitary and Phytosanitary
SPSIC	SPS Import Clearance
SSIP	Small-Scale Irrigation Projects
SSLV	Salary Standardization Law V

LIST OF ACRONYMS AND ABBREVIATIONS

SSS	Social Security System
StuFAPs	Students Financial Assistance Programs
SUCs	State Universities and Colleges
SURETECH	Sustainable and Renewable Fuel and Electrolysis Cell Energy Device Technology
TA	Technical Assistance
T-bill	Treasury bill
TechVoc	Technical-Vocational
TESDA	Technical Education and Skills Development Authority
TIP	Trafficking In Person
TRAIN	Tax Reform for Acceleration and Inclusion
TUPAD	<i>Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers</i>
TVIs	Technical Vocational Institutions
UAQTE	Universal Access to Quality Tertiary Education
UCT	Unconditional Cash Transfer
UHC	Universal Health Care
VAT	Value-Added Tax
WAIR	Weighted Average Interest Rate
WEO	World Economic Outlook
WODP	Workers Organizations Development Program
Y-o-Y	Year-on-Year
YTD	Year-to-Date

I. Introduction

- 1. Recovery expectations were high this 2021 as the economy returned into positive territory with the 11.8 percent Gross Domestic Product (GDP) growth this second quarter (Q2); however, disruptions happened mainly due to the emerging COVID-19 variants.** The country faced a difficult period in 2020 as it was ravaged by not only the health crisis, but also natural calamities such as the Taal Volcano eruption and numerous typhoons particularly towards the end of the year. For most of 2020, strict quarantine protocols were put in place to mitigate the spread of the virus which severely dampened economic activity. These restrictions were gradually lifted as the situation improved, and the economy seemed to be well on its way to recovery in the earlier months of 2021. However, the repeated spikes in the number of COVID-19 cases in March and in July this year due to the more likely transmissible *Alpha*, *Beta*, and *Delta* variants necessitated the re-imposition of stringent community quarantines (CQs) in the National Capital Region (NCR) and other high-risk areas. This slowed down the growth momentum, and led to the revision of the growth outlook for the year. The Fiscal Year (FY) 2021 Development Budget Coordination Committee (DBCC) Mid-Year Report presents a comprehensive analysis of the country's macroeconomic and fiscal performance for the first semester of this year, including the impact of the ongoing COVID-19 pandemic. It also discusses the macro-fiscal outlook for the rest of the year, as well as updates on key strategies and legislative agenda that are expected to boost economic revival.
- 2. Comprehensive policy measures have been enacted to cushion the impact of the pandemic on vulnerable individuals and affected sectors, and to reinforce the path to rebuilding the economy.** As the world realized the magnitude of the health crisis, the National Government (NG) swiftly implemented measures in 2020 with the passage of Republic Act (RA) No. 11469¹ (*Bayanihan* to Heal as One Act, or the *Bayanihan* I), followed by RA No. 11494² (*Bayanihan* to Recover as One Act, or the *Bayanihan* II). To provide sufficient funding for COVID-19 measures, the

¹ The *Bayanihan* I was enacted on March 24, 2020, and expired on June 24, 2020.

² The *Bayanihan* II was enacted on September 11, 2020, and expired on December 19, 2020. By virtue of RA No. 11519, which was enacted on December 29, 2020, the availability of appropriations under the *Bayanihan* II was extended until June 30, 2021.

aforementioned laws (collectively referred to as the *Bayanihan* Laws in this publication) also allowed the government to realign expenditures and generate savings.³ For this year, the FY 2021 National Budget will serve as the main fiscal stimulus as the government employs an expansionary fiscal policy to continue upgrading the health care system, support sectors which were severely impacted by the crisis, and help industries adapt to the post-pandemic life. The momentum of infrastructure development will, likewise, be sustained to take advantage of its multiplier effect on economic growth. This will be complemented by the enactment of RA Nos. 11520⁴ and 11519⁵ which extended the availability of the FY 2020 General Appropriations Act (GAA) and the appropriations under the *Bayanihan* II, respectively. Meanwhile, recently-passed legislative initiatives such as the Corporate Recovery and Tax Incentives for Enterprises (CREATE or RA No. 11534) and Financial Institutions Strategic Transfer (FIST or RA No. 11523) Laws⁶ will assist critically-hit businesses, especially micro, small, and medium enterprises (MSMEs), by providing them with additional resources to help recoup losses from the pandemic and continue their operations.

- 3. The government's primary strategy is to strike a balance between addressing the health risks of COVID-19, and restoring the incomes of the people by safely reopening the economy.** As evidenced by data, job creation and economic recovery can only be achieved by major relaxation in quarantine restrictions. Hence, despite the tighter CQs to counter the resurgence in infections, the government allowed several industries and services to continue their operations while strictly adhering to minimum health standards such as wearing of face masks and face shields, frequent hand washing, and physical distancing. This allowed the country's GDP to pick up after five consecutive quarters of contraction and finally achieved a positive growth rate of 11.8 percent in Q2 of 2021, resulting in a first semester GDP growth of 3.7 percent (*see growth discussions on page 28*).

- 4. The pace of the National COVID-19 Vaccination Program is gaining steam as the supplies of vaccines continue to increase and stabilize.**

³ National Budget Circular (NBC) No. 580 dated April 22, 2020 specifies steps that agencies can take to save on overhead expenses and direct them to COVID-19-related programs, thereby minimizing realignment/s from other priority sectors.

⁴ RA No. 11520, which was enacted on December 29, 2020, extends the availability of the 2020 Appropriations until December 31, 2021.

⁵ RA No. 11519, which was enacted on December 29, 2020, extends the availability of appropriations under the *Bayanihan* II until June 30, 2021.

⁶ RA No. 11534 (CREATE) was enacted on March 26, 2021, while RA No. 11523 (FIST) was approved on February 16, 2021.

The early rollout of the country's vaccination program was beset by supply constraints partly due to: i) high demand, specifically in advanced economies cornering most of the supplies, ii) low production yields of pharmaceutical companies, and iii) worldwide resurgence of cases due to more infectious variants. As of September 21, 2021, the supplies of vaccines that arrived in the country totaled 64.9 million doses, including 9.6 million doses that were delivered from September 13 to 19 – the highest weekly delivery recorded since the arrival of vaccines in February.⁷ Meanwhile, the total doses administered for the period March 1 to September 25, 2021 reached 43.8 million, composed of 23.6 million first doses, and 20.2 million second doses (including single dose vaccines).⁸ In all, more than 20 million Filipinos or 18 percent of the country's population were already fully vaccinated against COVID-19 as of September 25, 2021.⁹ These compare to the 600,000 initial supply of vaccine doses¹⁰ and 771 doses administered¹¹ when the country first launched its vaccination campaign on March 1, 2021.

- 5. Overall, this difficult situation is expected to only be a temporary setback before the country can revert to its pre-pandemic growth trajectory, guided by sound macroeconomic fundamentals, solid economic growth credibility, and commitment to fiscal discipline.** Along with a stable macroeconomic environment, the Philippines was one of the fastest growing economies in the region as GDP growth averaged 6.6 percent from 2016 to 2019. Moreover, landmark fiscal reforms that have been implemented over the course of the current Administration, such as the packages of the Comprehensive Tax Reform Program (CTRP) and the Cash Budgeting System (CBS), have led to a strong fiscal position that allowed the government to finance its flagship infrastructure program. With prudent fiscal management and productive investments, the Philippines was also able to achieve its highest ever credit rating in the

⁷ Source: Philippine News Agency. Accessed on 22 September 2021. Available at <https://www.pna.gov.ph/articles/1154122>.

⁸ National COVID-19 Vaccination Dashboard. Accessed on 27 September 2021. Available at <https://doh.gov.ph/covid19-vaccination-dashboard>.

⁹ Estimated as 20.2 million vis-a-vis 110.2 million population. The number of fully vaccinated Filipinos (20.2 million) is based on the total number of second dose and single dose vaccines administered. The total population (110.2 million) is based on the Updated Projected Mid-Year Population for the Philippines for 01 July 2021, as released by the PSA on March 28, 2021. Available at: <https://psa.gov.ph/content/updated-projected-mid-year-population-philippines-2020-2025>

¹⁰ DOH Press Release dated 02 March 2021. Available at <https://doh.gov.ph/doh-press-release/DOH-NTF-GRATEFUL-TO-HOSPITALS-AND-VACCINEES-AS-PH-INOCULATES-756-ON-FIRST-DAY-OF-COVID-19-VACCINE-ROLLOUT>.

¹¹ National COVID-19 Vaccination Dashboard. Accessed on 27 September 2021. Available at <https://doh.gov.ph/covid19-vaccination-dashboard>.

range of BBB+ to A-.¹² This enabled the NG to negotiate borrowings with more favorable terms, and helping secure essential funding for COVID-19 response measures. While the pandemic has proven to be an immense obstacle in achieving the country's socio-economic goals, the government will aggressively carry out steps to help GDP accelerate from -9.6 percent in 2020 to 4.0 to 5.0 percent¹³ in 2021. Economy measures¹⁴ and a strategic medium-term fiscal program will also be implemented to rebuild fiscal space and ensure that resources are readily available for future emergencies that may arise in view of the continuously evolving health situation.

II. FY 2021 National Government Budget

a. Key Budget Principles

- 6. The FY 2021 National Budget of P4.506 trillion reflects the government's priority shift towards sustaining and strengthening efforts to effectively respond to and recover from the COVID-19 pandemic.** Anchored on the theme "*Reset, Rebound, and Recover: Investing for Resiliency and Sustainability*", the 2021 Budget was designed as the government's primary instrument to stimulate the economy and address the needs of vulnerable sectors by expanding the budget for health and social protection, as well as sustaining infrastructure spending. It was submitted to Congress on August 25, 2020 and was signed into law under RA No. 11518 on December 28, 2020. The approved National Budget for this year is 9.9 percent higher than the 2020 Budget and is equivalent to 22.7 percent of GDP. The effective implementation of the

¹² Credit ratings awarded by select agencies to the Philippines in 2019 and 2020 may be viewed in the BSP-Investor Relations Office (IRO) Newsletter Q1 2021 (p. 14). Available at

https://www.bsp.gov.ph/Media_And_Research/Investor_Relations_Office_Newsletter/IRONNewsletter_1Q2021.pdf.

¹³ Revised growth assumption for FY 2021 as discussed and approved by the DBCC during its special meeting on August 18, 2021.

¹⁴ Administrative Order (AO) No. 41 dated May 12, 2021 directs all agencies of the Executive Department to tap savings from the FY 2020 Continuing Appropriations to augment deficient items of appropriation for COVID-19 measures. In relation to this, the DBM issued NBC No. 586 dated May 21, 2021 prescribing guidelines for the identification of agency savings under the FY 2020 Budget.

2021 Budget will be critical in achieving the growth target of 4.0 to 5.0 percent¹⁵ for this year, whilst upholding fiscal discipline by keeping government spending within its means.

7. The FY 2021 Budget prioritizes programs, activities, and projects (PAPs) that are implementation-ready as part of the adoption of the Cash Budgeting System to promote improved fiscal planning, prudent use of resources, and prompt delivery of government services. Executive Order (EO) No. 91, s. 2019¹⁶ mandates the adoption of the CBS beginning FY 2019, in which all authorized appropriations shall be available for obligation and disbursement only until the end of each fiscal year, and that obligations incurred by the NG shall be implemented during the same fiscal year. Meanwhile, payments for obligations incurred shall be made until the end of the extended payment period (EPP) or three months (3) after the end of the validity of appropriations against which these were obligated.¹⁷ To allow agencies to improve their procedures in preparation for the full implementation of the CBS, transitional arrangements were adopted from FYs 2019 to 2021.¹⁸ These involved the extended implementation and payment period for infrastructure capital outlays (CO), and maintenance expenditures and other CO beyond the validity of appropriations. Likewise, Section 62 of the FY 2021 GAA includes transitory provisions¹⁹ for the adoption of the CBS, as summarized in *Table 1*.

¹⁵ Revised growth assumption for FY 2021 as discussed and approved by the DBCC during its special meeting on August 18, 2021.

¹⁶ EO No. 91, s. 2019 was approved on September 9, 2019.

¹⁷ Section 1.c of EO No. 91, s. 2019 states that “Payments for obligations incurred shall be made until the end of the EPP, which shall be 3 months after the end of the validity of appropriations against which they were obligated, unless another period has been determined by the DBM, upon consultation with relevant agencies.” Available at:

<https://www.officialgazette.gov.ph/downloads/2019/09sep/20190909-EO-91-RRD.pdf>

¹⁸ With the extension of the availability of appropriations under the FY 2019 GAA to December 31, 2020 pursuant to RA No. 11464, the implementation period for infrastructure CO, and maintenance and other operating expenses (MOOE) and non-infrastructure CO was, likewise, extended up to December 31, 2021 and June 30, 2021, respectively, as provided in Section 3.5 of NBC No. 578 dated January 6, 2020 or the Guidelines on the Release of Funds for FY 2020. The availability of appropriations under the FY 2020 GAA was similarly extended until December 31, 2021 in view of the pandemic by virtue of RA No. 11520.

¹⁹ It is also noted that pursuant to Section 62 of the General Provision of FY 2021 GAA, appropriations under the 2021 National Disaster Risk Reduction and Management Fund (NDRRMF) for calamities, epidemics as declared by the Department of Health (DOH), crises resulting from armed conflicts, insurgency, terrorism, and other catastrophes occurring in 2021 and financial assistance to LGUs released during this fiscal year shall be available for obligation and disbursement for the purpose specified until December 31, 2022.

Table 1. Transitional Implementation of the Cash Budgeting System for FY 2021

EXPENSE CLASS	OBLIGATION	IMPLEMENTATION	EXTENDED PAYMENT PERIOD
Personnel services	Until December 31, 2021	Until December 31, 2021	
Maintenance and other operating expenses and Non-infrastructure capital outlays		Until March 31, 2022	
Infrastructure capital outlays		Until June 30, 2022	

8. The NG recognizes the critical role of Local Government Units (LGUs) in successfully responding to the health crisis and other national emergencies. The 2021 Budget promotes more areas of partnership between the national and local governments as a sizeable amount of P844.6 billion²⁰ was set aside for LGUs in 2021. Bulk of this, amounting to P695.5 billion, is the Internal Revenue Allotment (IRA) or National Tax Allotment (NTA) starting 2022 of LGUs or their just share from the proceeds of national taxes²¹. In addition, some P35.2 billion was appropriated under the Local Government Support Fund (LGSF)²² which is intended for local infrastructure projects, development programs for health and education, projects, equipment or facilities that will help them respond to the needs of their constituents in light of the COVID-19 pandemic, as well as disaster recovery and rehabilitation efforts of LGUs directly affected by the Taal Volcano eruption and typhoons last year.

²⁰ Allocations to LGUs are composed of the Internal Revenue Allotment (P695.5 billion), allocation to the Bangsamoro Autonomous Region in Muslim Mindanao (P80.3 billion), Local Government Support Fund (P35.2 billion), Special Shares in the Proceeds of National Taxes (P28.3 billion), allocation to the Metropolitan Manila Development Authority (P4.8 billion), and Special Shares in the Proceeds from Fire Code Fees (P459 million).

²¹ The determination of the IRA for FY 2021 is still based on the old methodology prior to the Supreme Court's Ruling on the *Mandanas Case*. The latter's application is prospective and will be implemented in the FY 2022 Budget Cycle.

²² The LGSF is composed of the Assistance to Cities (P350 million); Conditional Matching Grant to Provinces for Road and Bridge Rehabilitation, Upgrading and Improvement (P350 million); Financial Assistance to LGUs (P13.6 billion); Support to the *Barangay* Development Program of National Task Force to End Local Communist Armed Conflict (P16.4 billion); and Disaster Rehabilitation and Reconstruction Assistance Program for LGUs (P4.5 billion). Available at <https://dbm.gov.ph/wp-content/uploads/GAA/GAA2021/VolumeI/ALGU/C.pdf>.

9. The Open Government Partnership (OGP) continues to be a strong pillar towards strengthening transparent, accountable, and participatory governance, particularly in the budget process. The Philippines is a founding member of the OGP, an international movement of reformers within and outside of government that aspires to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance. Several *Dagyaw* Open Government Virtual Town Hall Meetings were conducted last year as part of the country's 5th National Action Plan (NAP). The sessions aimed to (i) conduct more transparent and inclusive town hall meetings through close collaboration with non-government sectors, (ii) serve as a safe and open space for dialogues on pressing governance and operational issues at the national and local levels; and (iii) sustain the promotion of citizen participation in governance, despite challenges posed by the pandemic, through the facilitation of enriching digital conversations between the people and the government. A total of ten (10) *Dagyaw* episodes were conducted by the National Technical Working Group (NTWG)²³, and the *Dagyaw* 2020 was, likewise, conducted in thirty-eight (38) sessions by the Regional counterparts of the Department of Budget and Management (DBM), Department of the Interior and Local Government (DILG), and Presidential Communications Operations Office- Philippine Information Agency (PCOO-PIA), together with their non-government partners focusing on the issues and concerns at the local level.²⁴ The preparations for *Dagyaw* 2021, which is expected to be conducted in October, are currently ongoing.

The PH-OGP also organized the Open Government Week (OGW) 2021 last May 17-21, 2021, where topics on citizen participation, innovation and technology, special concerns including gender mainstreaming, and fiscal transparency were discussed. At present, the PH-OGP, in partnership with the DILG, is conducting the Fiscal Transparency (FT) Webinar series for the Non-Government Sector to provide a shared platform to deepen the understanding of “citizen engagement” in the context of greater fiscal decentralized public service delivery.

Similarly, during the OGW 2021, the Project Digital Imaging for Monitoring and Evaluation (DIME) team introduced the activities involved in monitoring projects, showed how satellite images are used, and provided

²³ Composed of the DBM, DILG and PCOO, and the non-government co-conveners Right to Know, Right Now! Coalition (R2KRN) and Caucus of Development NGO Networks (CODE-NGO).

²⁴ To document and track the discussions made during the town hall sessions, a *Dagyaw* Tracker was established via <http://ogp.dbm.gov.ph/index.php/dagyaw>.

an update on the status of the DIME Transparency. The latter is a planned central repository of everything related to the Project. The team also produces quarterly reports that i) focus on at least one (1) of the priority programs included in the pilot implementation of DIME, ii) highlight the progress in monitoring projects, and iii) present findings in terms of operational and technical levels. The Project DIME is expected to help identify and address issues or bottlenecks in project implementation, and further improve budget execution.

b. Budget Priorities

- 10. Reflecting the priorities of the Administration, the Social Services Sector was given the highest provision of P1.668 trillion or 37.0 percent of the FY 2021 Budget to provide sufficient allocation for health systems improvement, including vaccine procurement, as well as strengthening social welfare and livelihood programs cognizant of the greater impact of the crisis on the poor and vulnerable.** Meanwhile, the Economic Services Sector cornered the second largest amounting to P1.323 trillion or 29.4 percent to revitalize the economy through infrastructure development under the flagship Build, Build, Build Program. This also includes programs/projects to support sectors that are critical to growth such as tourism, trade, and agriculture.
- 11. The Health Sector received P221.1 billion²⁵ this year to advance the Philippine health care system and help provide universal health care (UHC) coverage amid the ongoing fight against COVID-19.** Of this amount, the Department of Health (DOH) was appropriated with P138.9 billion. Some P49.3 billion was provided for the operations of DOH-administered health facilities, while P29.6 billion²⁶ for the procurement and distribution of medicines, vaccines, and medical supplies to government health care facilities. A sizeable P16.6 billion was also set aside for the Human Resources for Health Program to sustain the needed manpower in the continuing fight against the COVID-19, and P15.2 billion²⁷ was allotted to the Health Facilities Enhancement Program (HFEP) for the construction, upgrading, and rehabilitation of public health care

²⁵ Composed of the budgets of the DOH (P138.9 billion), the PHIC (P71.4 billion), and other agencies/Special Purpose Funds (P10.8 billion).

²⁶ Inclusive of the P2.5 billion for the purchase of COVID-19 vaccines lodged in the regular budget of the DOH.

²⁷ Composed of the P7.8 billion HFEP budget under the DOH; P5.5 billion lodged in the Unprogrammed Fund for the construction of primary care facilities; and P1.9 billion for medical infrastructure projects funded by the Asian Development Bank (ADB) and the World Bank.

facilities, including those designated for COVID-19 response. To ramp up medical research and development (R&D), some P932 million was allocated for the National Health R&D Program. Meanwhile, the P71.4 billion budget of the Philippine Health Insurance Corporation (PHIC) will cover the funding requirements of the National Health Insurance Program (NHIP) for the provision of affordable and accessible health insurance to all Filipinos, pursuant to the UHC Law (RA No. 11223). This will benefit 13.22 million indigent families, 7.3 million senior citizens, and 25,512 families under the *PAyapa at Masaganang PamayaNAn* (PAMANA) Program. A considerable amount of P17.0 billion was, likewise, set aside for the medical assistance to a target of 1.8 million indigent patients.

12. The control and prevention of diseases, as well as the promotion of proper nutrition, are key focus areas to foster the overall well-being of Filipinos. Some P8.2 billion was allocated to programs that seek to limit the spread of infectious diseases, while P1.1 billion was intended for the prevention and treatment of hypertension, diabetes, cancer, and other non-communicable diseases. To protect Filipinos from future outbreaks and capacitate them to handle various health situations, P12.2 billion²⁸ was provided to Family Health, Immunization, Nutrition, and Responsible Parenting. Meanwhile, the First 1,000 Days Program received P159 million for the provision of nutritious meals to children. On the other hand, the Complementary Feeding Program was provided with P100 million for the purchase of therapeutic milk and protein-enriched food to supplement the diets and improve the nutritional status of pregnant women and children ages 0 to 24 months.

13. Specific programs or projects that respond directly to the COVID-19 pandemic are, likewise, subsumed in the banner health programs of the DOH. The government allocated P4.7 billion for the purchase of personal protective equipment (PPE), while P4.1 billion was lodged under the HFEP for the procurement of COVID-19 equipment and infrastructure. Some P2.5 billion and P1.0 billion in the DOH's regular budget were intended for the procurement of COVID-19 vaccines and reverse transcription-polymerase chain reaction (RT-PCR) cartridges, respectively, while P496 million was provided to support the operations of National Reference Laboratories. Furthermore, foreign-assisted projects such as the *Health Systems Enhancement to Address and Limit (HEAL) COVID-19* and the *COVID-19 Emergency Response Project* were allotted with P4.2 billion and P1.0 billion, respectively. In terms of R&D, the

²⁸ Inclusive of the P2.5 billion for the purchase of COVID-19 vaccines lodged in the regular budget of the DOH.

establishment of the Virology Science Institute of the Philippines was provided with P283 million for the purchase of R&D equipment and other necessary materials, while P52 million was provided for the disease surveillance and monitoring of COVID-19 and other similar respiratory infections. An additional P70.0 billion was also allocated under the Unprogrammed Appropriations for the logistical expenses and purchase of COVID-19 vaccines in 2021.²⁹

14. Infrastructure development remains a priority of the government being a key driver of economic growth and employment. The Build, Build, Build Program received a budget of P1.074 trillion, equivalent to 5.4 percent of GDP, to finance various public infrastructure projects such as road networks (P428.4 billion), flood control systems (P141.7 billion), buildings (P104.6 billion), railways (P38.0 billion), and irrigation systems (P19.4 billion). This also includes funding for the construction of social infrastructure such as school buildings (P20.9 billion), hospitals and health centers (P6.3 billion), and housing and community facilities (P4.4 billion). Under the Department of Public Works and Highways (DPWH), the following programs³⁰ were funded for the construction, maintenance, and rehabilitation of road network systems and flood mitigation structures nationwide: (i) Network Development Program (P124.5 billion); (ii) Flood Management Program (P101.8 billion); (iii) Asset Preservation Program (P66.0 billion); and (iv) Bridge Program (P25.4 billion). Meanwhile, P87.9 billion was earmarked for the Department of Transportation (DOTr) to improve connectivity in the country through programs such as (i) Rail Transport Program (P49.3 billion); (ii) Land Public Transportation Program (P6.7 billion); (iii) Aviation Infrastructure Program (P4.9 billion); and (iv) Maritime Infrastructure Program (P562 million).

15. Funding support for the promotion of local infrastructures, as well as the advancement of digital infrastructure and e-governance in the country was, likewise, included in this year's Budget. A portion of the LGSF was earmarked for the development of infrastructure facilities in localities nationwide. Specifically, the *Barangay Development Program* under the National Task Force to End Local Communist Armed Conflict (NTF-ELCAC) received P16.4 billion for the construction of various projects including farm-to-market roads (FMRs), school buildings, water and

²⁹ This may be tapped when revenue collections exceed targets, or when additional grants or foreign funds are generated pursuant to Section 1 of the Special Provisions of the FY 2021 Unprogrammed Appropriations.

³⁰ Inclusive of foreign-assisted projects.

sanitation systems, and health stations³¹, while financial assistance to LGUs amounting to P13.6 billion for the construction, repair, and/or rehabilitation of local roads, bridges, public markets, and post-harvest facilities, among others. On the other hand, with the aim of creating a harmonized e-government system to ensure the delivery of public services even in the midst of the pandemic, the government provided P4.35 billion to fund various programs of the Department of Information and Communications Technology (DICT) such as the Free Wi-Fi Internet Access in Public Places Project, National Broadband Plan, and National Government Portal. Other big-ticket projects to support e-governance efforts include the creation of an e-learning system, e-classroom facilities, and learning management systems (P2.2 billion³²), as well as the development of an electronic system for public road transportation services and facilitate ease of franchise issuances (P1.4 billion³³).

16. A total amount of P143.4 billion was set aside for the Agriculture Sector to ensure sufficient food supply and production in the country, especially as the COVID-19 pandemic caused disruptions in the food supply chain, placing the food security of poor and vulnerable individuals at risk. Enhancing food production will be supported through (i) various national and communal irrigation projects (P32.7 billion)³⁴; (ii) construction of FMRs³⁵ to improve the mobility of agricultural and fishery products (P11.7 billion); and (iii) the Rice Competitiveness Enhancement Program to provide agricultural equipment and machinery, inbred rice seeds, expanded credit assistance, and agricultural extension services to local individual farmers and associations (P10.0 billion). Meanwhile, a total of P24.7 billion were given to various national programs of the Department of Agriculture (DA) (namely, the National Rice Program,

³¹ The Barangay Development Program shall be implemented in accordance with the guidelines issued by the DBM, in coordination with the NTF-ELCAC. The amount shall be used for the implementation of various support programs of the 822 cleared barangays from 2016 to 2019 as identified by the NTF-ELCAC. Source: President's Veto Message on the FY 2021 GAA, available at: <https://www.dbm.gov.ph/wp-content/uploads/Our%20Budget/2021/President-Veto-Message-on-FY-2021-GAA.pdf>), and Special Provisions of the FY 2021 GAA, available at <https://www.dbm.gov.ph/wp-content/uploads/GAA/GAA2021/VolumeI/ALGU/C.pdf>.

³² Refers to ICT-related allocations under the Department of Education-Early Childhood Care and Development Council (DepEd-ECCDC) and State Universities and Colleges (SUCs).

³³ Refers to all ICT-related project initiatives of the agencies under the DOTr with sectors such as the Aviation, Maritime, Railways, and Road, which primarily focus on the development of Information Systems for the monitoring of transportation, collection, monitoring of road traffic and various ICT operational activities of the Department.

³⁴ Includes small reservoir irrigation and other irrigation systems (P31.7 billion) under the National Irrigation Administration, and small-scale irrigation projects of the DA (P1.0 billion).

³⁵ Includes locally-funded projects only.

National Fisheries Program, and National High Value Crops Program, among others), while P7.0 billion was allocated to the Buffer Stocking Program under the National Food Authority (NFA) to procure 368,421 metric tons of palay from local farmers and ensure sufficient rice supply during calamities and emergencies. Moreover, the government will extend its support to farmers and fisherfolks through the provision of crop insurance (P3.5 billion), land acquisition and distribution to agrarian reform beneficiaries through the Comprehensive Agrarian Reform Program (P3.4 billion), and agricultural credit assistance (P2.7 billion). With regard to the promotion of innovation and modernization in the food production and value chain, some P5.2 billion was provided for the Fisheries Infrastructure Development Program which will support the construction, enhancement, and operation of fish ports and other post-harvest facilities nationwide. In addition, P2.6 billion was allocated to provide farmers and fisherfolk organizations with machinery, equipment, and facilities to enhance their productivity and market efficiency, and P2.2 billion for research endeavors related to the improvement of production of crops, livestock fisheries, among others.

- 17. The Department of Labor and Employment (DOLE) and the Department of Trade and Industry (DTI) were allocated with P25.3 billion and P5.7 billion, respectively, to revitalize local businesses, especially MSMEs, and protect the livelihood of Filipinos.** One of the key programs to be funded is the MSME Development Program with P2.4 billion to assist MSMEs in various sectors to overcome challenges that were brought about by the pandemic. In addition, P860 million and P569 million were provided for the Exports and Investments Development Program and the Industry Development Program, respectively, to increase the competitiveness of local industries. Meanwhile, the Livelihood and Emergency Employment Program was given a sizeable amount of P20.4 billion to provide employment and entrepreneurship opportunities to unemployed, displaced, and disadvantaged workers affected by the current crisis. This includes the budget for programs such as: (i) *Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers* (TUPAD) and the Government Internship Program (GIP) to provide short-term emergency employment and internship opportunities for more than 2 million target beneficiaries (P19.0 billion); (ii) Integrated Livelihood Program to help beneficiaries in starting, enhancing, or re-establishing livelihoods (P910 million); and iii) Adjustment Measures Program to assist companies in restructuring policies and workforce adjustment measures (P492 million). Some P806 million was also earmarked for the Employment Facilitation Program to prepare the Filipino youth for

employment through skills training and internship in accredited institutions. Meanwhile, of the P6.3 billion budget for the Emergency Repatriation Program for Overseas Filipino Workers (OFWs), P2.5 billion was intended for the DOLE-Abot Kamay ang Pagtulong (AKAP) Program to provide financial assistance to 150,000 affected onsite OFWs and 100,000 repatriated OFWs.

18. Social protection is also at the forefront of the government's COVID-19 response strategy to protect its citizens from the adverse impact of the pandemic. The Department of Social Welfare and Development (DSWD) supported with a funding allocation of P176.9 billion, with the *Pantawid Pamilya Pilipino* Program (4Ps)³⁶ receiving P106.8 billion to improve the lives of 4.4 million³⁷ poor Filipino households through the provision of cash grants for health and education, and rice subsidies. Another P23.6 billion was provided for the Protective Services Program to provide financial, food, medical, and educational assistance to over 1.7 million individuals and families in difficult situations. Through the Sustainable Livelihood Program with a budget of P4.3 billion, the government aims to broaden livelihood and employment opportunities for household beneficiaries which include former rebels and households in conflict-vulnerable areas, as well as those who were affected by the Marawi siege. Meanwhile, the P2.2 billion allocation for the *Balik Probinsya, Bagong Pag-aso* Program is expected to support workers and families who wish to return to their respective provinces through relocation and livelihood programs. Additional assistance and protection will be provided to the vulnerable through the following programs: (i) Pension for Indigent Senior Citizens (P23.5 billion); (ii) Supplementary Feeding Program (P3.8 billion) to address the malnutrition problem among Filipino children ages 2 to 5 years; and (iii) Social Welfare for Distressed Overseas Filipinos (OFs) and Trafficked Persons (P169 million).

19. To address the disruptions to learning as a result of the crisis, a total of P751.7 billion³⁸ was earmarked for the Education Sector, of which P595.1 billion was allotted to the Department of Education (DepEd) for basic education. Around P100.7 billion was budgeted for the following PAPs under the Basic Education – Learning Continuity Plan: (i) adoption of

³⁶ Also known as the Conditional Cash Transfer (CCT) Program.

³⁷ These consist of 4,165,137 regular CCT and 234,863 modified CCT household beneficiaries, including homeless street families and itinerant indigenous people.

³⁸ Composed of the P595.1 billion budget for Basic Education under the DepEd, P141.9 billion for Higher Education under the SUCs (P90.1 billion) and CHED (P51.8 billion), and P14.7 billion for Technical-Vocational Education under TESDA.

Flexible Learning Options for the development, reproduction, and delivery of learning modules (P16.6 billion); (ii) DepEd Computerization Program (P5.9 billion); (iii) purchase of textbooks and instructional materials (P963 million); (iv) financial assistance and subsidies to qualified junior and senior high school students in private schools (P26.8 billion); (v) Basic Education Facilities to cover the construction of new classrooms and technical-vocational laboratories, and procurement of school seats and tables (P11.1 billion); and (vi) School-based Feeding Program to address the problem of short-term hunger and undernutrition of learners (P6.0 billion).

20. Higher and technical-vocational education are, likewise, supported as the government provided P90.1 billion to various State Universities and Colleges (SUCs) nationwide, P51.8 billion to the Commission on Higher Education (CHED), and P14.7 billion to the Technical Education and Skills Development Authority (TESDA). The government will sustain the implementation of the Universal Access to Quality Tertiary Education (UAQTE) with a total budget of P47.2 billion³⁹, especially as the pandemic heightened the inequalities in access to tertiary education. Some P1.7 billion was provided to Student Financial Assistance Programs, and P1.5 billion for the financial assistance for postgraduate students (including fees for training and conferences, and scholarships). The K-to-12 Transition Program, which was budgeted with P1.0 billion, will fund not only scholarships for graduate studies, but also faculty and staff development grants, and institutional development and innovation grants. Meanwhile, programs to support technical-vocational education and training include (i) Training for Work Scholarship Program (P4.1 billion); (ii) Special Training for Employment Program (P1.9 billion); and (iii) *Tulong Trabaho* Scholarship Program (P1.0 billion).

21. The Administration recognizes that a strong, competitive economy entails an effective government and a fair justice system. To enhance public service delivery and improve the strategic targeting of social welfare beneficiaries, the government will fast-track the implementation of the Philippine ID System (P4.3 billion) and continue funding the Community-based Monitoring System (P85 million). Meanwhile, existing ICT programs of the Bureau of Internal Revenue (BIR) were provided with P1.4 billion to digitize the tax system and make the payment of taxes more convenient. The Anti-Red Tape Authority was given P141 million for the purpose of preventing and mitigating graft and corruption, while P8.6

³⁹ Composed of the P44.3 billion and P2.9 billion allocations under CHED and TESDA, respectively.

million was earmarked for the National Effort for the Harmonization of Efficiency Measures of Interrelated Agencies (NEHEMIA) Program which aims to streamline various government processes. The Department of Justice (DOJ), the Judiciary, and the Office of the Ombudsman received budgetary outlays of P24.6 billion, P45.3 billion, and P4.6 billion, respectively, to promote the swift, fair, and accessible administration of justice in the country.

22. Key programs to ensure a safe, secure, and peaceful life for every Filipino are also supported in 2021. Some P191.5 billion was provided for the operations of the Philippine National Police (PNP) for law enforcement, while P2.6 billion was allocated to the Philippine Anti-Illegal Drugs Strategy for the rehabilitation of drug users and the reduction of drug use in the country. On the other hand, the Bureau of Fire Protection (BFP), the Bureau of Jail Management and Penology (BJMP), and the Bureau of Corrections (BuCor) were given funding support of P25.5 billion, P19.6 billion, and P3.7 billion, respectively, for the maintenance of public order and safety. Of the P205.8 billion budget of the Department of National Defense (DND) to support its mandate of safeguarding the nation against acts of terrorism, extremism, and other threats to the sovereignty, P27.0 billion was earmarked for the Revised Armed Forces of the Philippines Modernization Program (RAFMP). The Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) was also allotted with a total of P80.3 billion⁴⁰ to support its development efforts in 2021.

23. With the persisting threat of climate change, the government bolsters up initiatives that strengthen environmental protection and heighten the country's resilience to natural disasters. The Department of Environment and Natural Resources (DENR) received P24.6 billion to promote and protect the country's environmental integrity and biodiversity. Major PAPs that contribute to the fulfilment of this goal are the National Greening Program (P3.2 billion), rehabilitation of Manila Bay (P1.7 billion), development and management of protected areas (P726 million), Solid Waste Management (P576 million), and Coastal and Marine Ecosystems Management (P248 million). Budgetary outlays worth P226 million and P178 million were also allocated for the regulation of water and air quality, respectively. On the other hand, P20.0 billion was earmarked for the National Disaster Risk Reduction and Management

⁴⁰ Composed of the Annual Block Grant allotment for the BARMM (P71.7 billion), the Special Development Fund for the rebuilding, rehabilitation, and development of conflict-affected communities in the Region (P5.0 billion), and share in taxes, fees, and charges collected in the BARMM (P3.6 billion).

Fund (NDRRMF) to support PAPs for disaster prevention, mitigation, and preparedness.⁴¹ This will be supported by the P6.4 billion Quick Response Fund (QRF) which serves as standby fund in the regular budgets of first responder NG agencies to enable them to immediately respond and provide assistance to areas stricken by catastrophes, crises, calamities, epidemics, or complex emergencies.⁴² As mentioned previously, the Flood Management Program was also provided a budget of P101.8 billion for the construction of flood control facilities across the country.

24. As the pandemic amplified the shelter needs of the urban poor and the homeless, P5.0 billion was allocated for housing and community development in 2021. The National Housing Authority (NHA) was given a budgetary support of P3.5 billion, while the recently-established Department of Human Settlements and Urban Development (DHSUD) was allotted with P683 million. Some of the big-ticket programs that grant opportunities to marginalized groups, such as informal settler families (ISFs), to own safe and affordable homes are the following: (i) Resettlement Program for ISFs along Manila Bay (P1.0 billion); (ii) Housing Assistance Program for Calamity Victims (P1.0 billion); and (iii) Resettlement Project for ISFs Affected by Volcanic Eruptions (P700 million). To ensure that every household has access to essential services and basic utilities like electricity, the 2021 Budget shall also fund the following programs and projects: (i) *Sitio* Electrification Project (P1.6 billion); (ii) Missionary Electrification Program (P1.0 billion); and (iii) Total Electrification Program (P500 million). Meanwhile, the Water Supply and Sanitation Program and the National Water Resources Board were allocated with P1.0 billion and P128 million, respectively, for the provision of clean water and the regulation of the country's water resources.

⁴¹ This includes the P5.0 billion allocation for the recovery, rehabilitation, and reconstruction of Marawi City.

⁴² Specifically, the following agencies received QRFs for FY 2021: DepEd (P2.0 billion), DSWD (P1.3 billion), DA (P1.0 billion), DPWH (P1.0 billion), DOH (P520 million), Office of Civil Defense (P500 million), BFP (P50 million), and PNP (P50 million).

III. First Semester Macroeconomic and Fiscal Performance

a. Macroeconomic Environment

Growth Target

25. After five consecutive quarters of contraction, the Philippine economy posted strong growth in the second quarter of 2021, with real GDP growth at 11.8 percent. This is an improvement from the -3.9 percent contraction in the first quarter. While this may be partly attributed to base effects coming from a -17.0 percent decline in Q2 2020, it also resulted from a more effective balance between addressing the risks of COVID-19 and restoring jobs and incomes of the people. The CQ restrictions imposed this year have taken a more risk-based approach where more sectors were allowed to operate, including public transportation. The latest GDP outturn brings S1 2021 growth to 3.7 percent.

Table 2. Mid-Year 2021 Economic Performance vis-à-vis Macroeconomic Assumptions

Particulars	2021		FY 2020 Actual
	FY 2021 BESF ^{1/} Initial Projections (Full Year)	Actual (Jan-June)	
Nominal GDP (PhP Mn)			
Low-end	20,376,031	9,114,041	17,938,582
High-end	21,029,791		
Real GDP Growth Rate	6.5 to 7.5	3.7	-9.6

1/ FY 2021 Budget of Expenditures and Sources of Financing (BESF)

Source: PSA, NEDA

26. The Philippines ranked fifth among major emerging economies in the region that have released their S1 GDP. The country's 3.7 percent real GDP growth trails China's 12.7 percent, Singapore's 7.7 percent,

Malaysia's 7.1 percent, and Vietnam's 5.6 percent. This is, however, slightly ahead of Indonesia's 3.1 percent and Thailand's 2.0 percent. Private sector analysts also expect a strong rebound for India (25.0 percent) in Q2.⁴³ Most countries benefitted largely from the reopening of economies and base effects from the peak of quarantine restrictions in 2020.

Table 3. Decomposition of Real GDP Growth, Supply-side and Expenditures

Particulars	Growth Rate (%)		Contribution to Growth (in ppt)	
	S1 2020	S1 2021	S1 2020	S1 2021
Gross Domestic Product	-9.3	3.7	-9.3	3.7
By Expenditure				
1. Household Final Consumption Exp.	-7.7	0.9	-5.5	0.6
2. Government Final Consumption Exp.	15.5	3.5	2.0	0.6
3. Capital Formation	-33.1	20.2	-8.5	3.8
A. Fixed Capital	-20.2	6.1	-5.2	1.4
1. Construction	-18.6	2.8	-2.9	0.4
<i>Public</i>	1.4	42.2	0.1	1.9
<i>Private</i>	-25.6	-16.0	-3.0	-1.5
2. Durable Equipment	-30.2	18.0	-2.2	1.0
4. Exports	-19.5	6.6	-6.0	1.8
5. Less: Imports	-22.7	11.6	-9.4	4.1
By Origin				
1. Agriculture, Hunting, Forestry & Fishing	0.6	-0.7	0.1	-0.1
2. Industry	-12.6	7.4	-3.8	2.2
3. Services	-9.1	2.6	-5.5	1.6

Source: NEDA, PSA

27. On the demand side, the rebound in S1 GDP growth was mainly driven by the expansion of total investments (20.2 percent). In particular, fixed capital formation (6.1 percent) reverted to positive territory buoyed by the accelerated growth in construction (2.8 percent) and durable equipment (18.0 percent). Essential and priority construction projects, whether

⁴³ Bloomberg consensus forecast for Q2 GDP. Accessed on 16 August 2021.

public or private, including small-scale projects such as those for residential housing, were allowed to continue even in areas under the enhanced community quarantine (ECQ). Moreover, the slight improvement in consumer sentiment supported the increase in household consumption (0.9 percent). Government spending (3.5 percent) decelerated but remained positive in S1, which could be attributed to base effect from the rollout of significant emergency subsidies in the second quarter of 2020. Overall, domestic demand expanded by 4.6 percent. Meanwhile, net exports declined by 28.7 percent in S1 2021 as the recovery in total imports outweighed the increase in total exports.

- 28. On the production side, almost all sectors bounced back despite the imposition of the ECQ and Modified ECQ (MECQ) last April and May 2021.** This is a clear indication that managing risks, instead of shutting down large segments of the economy, stands a far better chance of improving both economic and health outcomes. Significant improvements were observed in the industry and services sectors. For instance, the strong rebound in manufacturing (10.4 percent) and construction (0.8 percent) subsectors mainly drove the industry sector's expansion (7.4 percent) in S1 2021. In the services sector (2.6 percent), growth was mainly driven by trade (1.1 percent) and real estate (0.7 percent) supported by the easing of CQ restrictions. Additionally, transport & storage posted milder contraction as public transportations were allowed to operate subject to limited capacity regardless of CQ classification. Among the main industries, only the agriculture sector posted a slight contraction (-0.7 percent) because of the decline in livestock production.

Macroeconomic Assumptions

- 29. Headline inflation settled at 4.4 percent in January – June 2021, above the high end of the 2.0 – 4.0 percent inflation assumption for 2021.** The elevated inflation outturn could be attributed mainly to the uptick in the prices of meat and fish along with the rise in international oil prices. Meat inflation increased during the period due to tighter supply amid the African Swine Fever (ASF) outbreak. At the same time, fish inflation went up due partly to the closed fishing season in early 2021. These developments were tempered by the decline in rice prices amid the onset of the summer harvest season. Likewise, sufficient supply on the back of improved weather conditions has kept fruit and vegetable inflation low. Nevertheless, inflation eased in June 2021 relative to the preceding months due to the slower price increases for non-food items.

Table 4. Selected Macroeconomic Indicators, 2021

Particulars	2021 DBCC Assumptions		2021 Actual
	Original (2021 BESF)	Revised (2022 BESF)	
Inflation (%)	2.0 – 4.0	2.0 – 4.0	4.4 (Jan – Jun)
364-day T-bill rate (%) ^{a/}	3.0 – 4.5	2.0 – 3.0	1.7 (Jan – Jun)
180-day LIBOR (%)	1.0 – 2.0	0.2 – 1.2	0.2 (Jan – Jun)
Foreign exchange rate (₱/US\$1)	50.00 – 54.00	48.00 – 53.00	48.23 (Jan – Jun)
Dubai crude oil price (US\$/barrel)	35.00 – 50.00	50.00 – 70.00	62.93 (Jan – Jun)
Goods exports growth (%) ^{b/}	5.0	10.0	11.1 (Jan-Mar)
Goods imports growth (%) ^{b/}	8.0	12.0	10.0 (Jan-Mar)

a/ Based on primary market rates

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

Note: Actual data are averages for the period January – June 2021 except for goods exports and imports where the latest available data is for the period January – March 2021.

Source: DBM, PSA, BTr, and BSP

30. Meanwhile, domestic interest rates remained low given ample domestic liquidity on the back of the *Bangko Sentral ng Pilipinas*' (BSP) continued accommodative monetary policy stance and ongoing extraordinary liquidity measures. The 364-day Treasury bill (T-bill) rate averaged at 1.7 percent in the first half (H1) of 2021, below the low-end of the original assumption of 3.0 – 4.5 percent for the year. There was a slight uptick in the yields of government securities in March and April 2021 following the issuance of Retail Treasury Bonds (RTB) in March. Elevated domestic inflation and higher global interest rates, likewise, contributed to the rise in domestic interest rates during the period. Nonetheless, the 364-day T-bill rates declined towards the latter part of H1 2021 amid sustained uncertainty due to the COVID-19 pandemic and easing inflation concerns.

31. Similarly, the 180-day London Interbank Offered Rate (LIBOR)⁴⁴ remained low as monetary policy stance by major central banks continued to be accommodative to mitigate the economic fallout due to the pandemic. The 180-day LIBOR averaged at 0.2 percent in the first

⁴⁴ The Financial Conduct Authority (FCA) announced that the publication of all sterling, euro, Swiss franc, Japanese yen, 1-week and 2-month USD LIBOR will be discontinued after 31 December 2021 while the rest of USD LIBOR tenors including the 180-day LIBOR will not be available after 30 June 2023.

Source: FCA Press Release. Announcements on the end of LIBOR. 5 March 2021. URL: www.fca.org.uk/news/press-releases/announcements-end-libor

six months of 2021, below the low end of the original assumption of 1.0 – 2.0 percent. In particular, the US Federal Reserve has kept its policy rate close to the zero-lower bound, thus far in 2021. However, in its June 2021 economic projections, majority of the Federal Open Market Committee (FOMC) participants projected a policy rate hike in 2023, signaling that the policy normalization in the US could commence earlier than initially expected.

32. In the foreign exchange market, the peso-dollar rate remained broadly stable and averaged at ₱48.23/US\$1 in January – June 2021. In early 2021, negative market sentiment given concerns over the resurgence in new COVID-19 cases in the country and the subsequent reimposition of stricter quarantine measures in the National Capital Region and neighboring provinces (NCR Plus) posed depreciation pressures on the peso. In addition, the uptrend in US Treasury bond yields led to more attractive US assets, contributing to a stronger dollar. Meanwhile, the peso appreciated towards the middle of the year as the economy continued to show signs of recovery amid the pandemic. However, the peso depreciated anew at the latter part of June on the back of broad US dollar strength driven by risk-off sentiment over the spread of the *Delta* COVID-19 variant and markets' perceived shift to a hawkish tone by the US Federal Reserve.

33. In the international oil market, Dubai crude oil prices followed an uptrend in H1 2021, averaging at US\$62.93 per barrel during the period. This is outside the US\$35.00 – 50.00 per barrel original Dubai crude oil price assumption for 2021. Optimism over the global demand outlook along with the easing of travel and mobility restrictions in the US and other key advanced economies pulled up global crude oil prices.

34. On the external sector, exports of goods (based on BOP concept)⁴⁵ increased by 11.1 percent to US\$12.9 billion in the first quarter (Q1) of 2021, mainly on account of stronger external demand from the Philippines' largest export markets, most notably China and the United States. On a by commodity basis, the improvement in trade in goods

⁴⁵ Based on latest available data from the PSA, exports for January to May 2021 grew by 21.4 percent year-on-year to US\$29.4 billion from US\$24.2 billion in the same period in 2020. Exports bounced back from COVID-19 induced contraction in 2020 with notable rebound in manufactured goods (by 26.6 percent), which are mainly accounted for by electronics products, chemicals, machinery & other transport equipment, and processed food & beverages. Other major export segments also posted growth such as coconut products (by 29.7 percent), sugar products (by 51.7 percent), other agro-based products (by 13.7 percent), forest products (by 59.9 percent), and mineral products (by 8.4 percent).

exports was buoyed by manufactures, which rose by 20.2 percent to US\$10.3 billion in Q1 2021. Electronic products accounted for the bulk of the growth in the exports of manufactured goods, as shipments rose by 19.3 percent, owing mainly to increased external demand for semiconductors and electronic data processing units. Other commodity groups that showed improvement during the period were coconut, forest, other agro-based, and sugar. Meanwhile, exports of other commodity groups such as fruits and vegetables, petroleum, and mineral products were on the downtrend.

35. Imports of goods (based on BOP concept)⁴⁶ during the first quarter of 2021 amounted to US\$24 billion, 10 percent higher than the comparable level recorded in the previous year. This stemmed from stronger domestic demand for raw materials and intermediate goods, and capital goods, which posted double-digit year-on-year (Y-o-Y) growth rates of 17.7 percent and 18.1 percent, respectively, in the first quarter of 2021. In particular, telecommunications equipment and electrical machineries rose by 50 percent during the quarter, reflecting service providers' continuous efforts to improve their services in response to the stronger market demand for higher quality internet services. Similarly, consumer goods increased by 10.3 percent to US\$4.4 billion on account of the growth recorded in food and live animals, and other durable miscellaneous manufactures. Meanwhile, mineral fuels and lubricant dropped by 6.4 percent to US\$2.5 billion during the quarter, reflecting subdued demand for such imports.

⁴⁶ Latest PSA goods import data for the first five months of 2021 showed a substantial turnaround to a growth of 27.6 percent year-on-year, with broad-based recovery in all major import segments: 1) mineral fuels and lubricants (by 36.8 percent); 2) consumer goods (by 29.1 percent); 3) raw materials and intermediate goods (by 28.6 percent); and 4) capital goods (by 22.9 percent).

b. NG Fiscal Program and Performance

36. The government's fiscal program for the year was adjusted upwards from the FY 2021 BESF projection to account for the improved revenue outlook and higher disbursements from the COVID-19 vaccination program and other priority expenditures. Revenue projections for the year inched up by 6.0 percent largely from higher tax revenues on account of the gradual reopening of the economy this year. Likewise, disbursements were higher by 6.0 percent mainly from the FY 2020 Continuing Appropriations, the extension of the *Bayanihan II*, and the funding requirements of the COVID-19 vaccination program. However, the revised projections for capital outlays declined by 11.1 percent owing to the lower capital outlays in the enacted FY 2021 GAA vis-à-vis the proposed FY 2021 budget⁴⁷ and the extended implementation of infrastructure capital outlays pursuant to Section 62 of the General Provisions of the FY 2021 GAA. The said provision allows the completion of construction, inspection, and payment for infrastructure programs/projects until June 30, 2022. Corollary, the full year deficit was expanded to P1.856 trillion or 9.3 percent of GDP from the original BESF projection of P1.75 trillion or 8.5 percent of GDP.

Table 5. Comparison of FY 2021 Fiscal Program, Original vs Updated
(In billion pesos, unless otherwise indicated)

Particulars	FY 2021		Variance	
	Projection ^{1/}	Program ^{2/}	Amount	%
	FY 2021 BESF	FY 2022 BESF		
Revenues	2,717.4	2,881.5	164.0	6.0%
% of GDP	13.2%	14.5%		
Tax Revenues	2,541.6	2,714.8	173.2	6.8%
Non-Tax Revenues	175.4	166.2	(9.2)	-5.2%
Privatization	0.5	0.5	-	0.0%
Disbursements	4,467.0	4,737.1	270.0	6.0%
% of GDP	21.6%	23.9%		
Current Operating Exp.	3,281.6	3,679.7	398.1	12.1%
Capital Outlays	1,156.8	1,028.7	(128.1)	-11.1%
Net Lending	28.7	28.7	-	0.0%
(Deficit)	(1,749.6)	(1,855.6)	(106.0)	6.1%
% of GDP	-8.5%	-9.3%		
<i>Nominal GDP</i>	20,642.3	19,849.7		

1/ As presented in the FY 2021 BESF.

2/ As presented in the FY 2022 BESF.

⁴⁷ The total capital outlays in the FY 2021 National Expenditure Program (NEP) amounted to P952.3 billion against the P928.8 billion in the enacted FY 2021 GAA.

b.1 Revenue Performance

37. First semester NG revenues amounted to P1.49 trillion, 2.5 percent or P37.0 billion higher than the P1.453 trillion collected for the same period in 2020. Tax revenues amounted to P1,343.5 billion, 10.3 percent or P125.8 billion higher compared to the same period in 2020. The growth is primarily due to the lifting of some strict quarantine restrictions in some parts of the country compared to the imposition of the ECQ in the whole of Luzon and some parts of the country in March to May last year. Tax revenues as a percent of GDP stood at 14.7 percent, or 0.5 percentage point higher Y-o-Y. The BIR and the Bureau of Customs (BOC) improved their actual collections by 7.9 percent and 19.2 percent, respectively, as the domestic economy remained largely open or re-opening during the first six months of the year.

Table 6. National Government Revenue Performance, January to June 2021^{1/},^{2/}
(In billion pesos)

Particulars	Jan-June 2020 Actual	Jan-June 2021			Actual Y-o-Y Growth Rate
		Program ^{3/}	Actual	Variance (Actual vs Program)	
Total Revenues	1,453.3	1,421.8	1,490.4	4.8%	2.5%
% of GDP	16.9%		16.4%		
Tax Revenues	1,217.7	1,320.1	1,343.5	1.8%	10.3%
% of GDP	14.2%		14.7%		
Non-Tax Revenues	235.3	101.7	146.7	44.2%	-37.7%
Privatization	0.3	0.01	0.2	2388.9%	-30.4%

1/ Totals may not add-up due to rounding.

2/ Percent of GDP ratio are based on the 2018-based nominal GDP.

3/ Based on the approved DBCC dated 29 July 2021 with revised macroeconomic assumptions and fiscal program in line with the impact of the COVID-19 pandemic.

38. Meanwhile, non-tax revenues as of June 2021 declined by P88.7 billion or 37.7 percent from the 2020 level. The implementation of RA No. 11469 or the “Bayanihan to Heal as One Act” in 2020, resulted in higher income and dividend remittances, leading to higher-than-normal remittances to the Bureau of the Treasury (BTr) in the first half of 2020. Other non-tax revenues and fees and charges bounced back to 12.7 percent and 56.6 percent respectively due to the easing of quarantine restrictions.

Bureau of Internal Revenue

Table 7. BIR Collections, January to June 2021^{1/}
(In billion pesos)

Particulars	Jan-June 2020 Actual ^{2/}	Jan-June 2021			Actual Y-o-Y Growth Rate	Share in the Total Collection
		Program ^{3/}	Actual ^{4/}	Variance (Actual vs Program)		
Total Collection	956.6	1,017.7	1,034.0	1.6%	8.1%	100.0%
Taxes on Net Income and Profit	545.3	520.2	524.6	0.9%	-3.8%	50.7%
Taxes on Property	2.0	3.3	4.5	38.2%	121.6%	0.4%
Taxes on Domestic Goods and Services	409.3	494.3	504.9	2.1%	23.4%	48.8%
Value-Added Tax	169.0	181.1	189.4	4.6%	12.1%	18.3%
Excise Taxes	129.5	154.4	152.8	-1.1%	18.0%	14.8%
Percentage Taxes	54.1	58.1	63.1	8.6%	16.6%	6.1%
Franchise Taxes	0.5	0.2	0.2	-5.3%	-66.1%	0.02%
Documentary Stamp Tax	49.3	89.1	85.2	-4.4%	72.6%	8.2%
Miscellaneous Taxes	6.9	11.4	14.3	25.0%	108.4%	1.4%

1/ Totals may not add-up due to rounding.

2/ Inclusive of tax refunds.

3/ Net of tax refunds.

4/ Preliminary based on BIR submission and inclusive of tax refunds.

39. For the first six months of 2021, BIR managed to slightly surpass its target by P16.4 billion or 1.6 percent. BIR was able to collect P1.034 trillion (gross of tax refunds) as compared to its target for the period of P1.018 trillion (net of tax refunds). The collection for the period was higher by 8.1 percent compared to the same period in 2020 as quarantine restrictions were eased in the early months of 2021.

40. The BIR remained committed to its mandate of just enforcement of the country's tax laws despite the persistent threat of COVID-19 to public health and the economy. The first semester 2021 collection performance was a result of the Bureau's initiatives such as comprehensive tax awareness campaign to educate taxpayers, improved e-Services and streamlined processes for ease of filing and payment of taxes, and

intensified audit and collection from delinquent accounts. Run After Tax Evaders, *Oplan Kandado*, broadening of the tax base, additional payment channels available to taxpayers, and efforts to encourage taxpayers to avail of Tax Amnesty are part of the strategies used by the Bureau to maximize its collection despite these trying times, turning adversity into opportunity.⁴⁸

41. As a result, revenues generated from most tax types improved this first semester of the year vis-a-vis the same period in 2020 with growth rates ranging from 12.1 percent to 121.6 percent. However, taxes on net income and profit, and franchise taxes declined by 3.8 percent and 66.1 percent, respectively, mainly attributed to the lingering impact of the pandemic on the economy.

42. Taxes on net income and profits reached P524.6 billion as of June 2021. This is 0.9 percent higher than the target of P520.2 billion, but lower by 3.8 percent when compared to the same period in 2020. Collections from corporate income tax (CIT) reached P242.2 billion, or a decline of 8.2 percent Y-o-Y due to the implementation of the CREATE law⁴⁹ or Package 2 of the CTRP. In addition, the reimposition of ECQ in NCR Plus⁵⁰ from 29 March 2021 to 14 May 2021 to curb the surge in infection rates in the area contributed to lowering the tax base for CIT in the second quarter. Collections from personal income taxes, on the other hand, registered a 12.5 percent growth compared to the same period in 2020 to reach P246.4 billion.

43. Value-Added Tax (VAT) collections for the first six months of 2021 amounted to P189.4 billion, or 4.6 percent more than the target, and higher by 12.1 percent Y-o-Y. The higher VAT collections were due to the gradual easing of quarantine restrictions that enabled some industries to operate and allowed people to move, which spurred consumption, particularly households. According to the Philippine Statistics Authority (PSA), household final consumption expenditure rebounded in the second

⁴⁸ Based on the Bureau of Internal Revenue 2021 mid-year report.

⁴⁹ Provides an immediate 10 percentage point cut in the CIT rate from 30 percent to 20 percent starting July 2020 for domestic corporations with a taxable income of 5 million pesos and below, and with total assets of not more than 100 million pesos. All other domestic corporations will benefit from an immediate reduction of the CIT rate from 30 percent to 25 percent. Meanwhile, foreign corporations will also pay a lowered rate of 25 percent CIT. For nonresident foreign corporations, the lowered rate will be enjoyed effective January 1, 2021.

⁵⁰ Composed of Metro Manila, Bulacan, Rizal, Laguna, and Cavite.

quarter at 7.2 percent after five quarters of contraction, thus, having a net of 0.9 percent for the first half of 2021.

- 44. As of June 2021, excise tax collections amounted to P152.8 billion, slightly short by 1.1 percent from the P154.4 billion target.** However, total excise tax collections grew by 18 percent or P23.3 billion compared to the same period in 2020. Total excise tax collections recovered and registered a double-digit Y-o-Y growth primarily due to higher demand of alcohol and tobacco products amid the lifting of the liquor ban in key areas around the country. On the other hand, the increasing shift to importation of finished petroleum products by petroleum companies reduced excise tax collections from the oil industry.
- 45. Percentage taxes for the first six months of 2021 reached P63.1 billion, which include taxes from banks, financial institutions, insurance premiums, amusements, and other percentage taxes.** These were 8.6 percent above the target, and higher by 16.6 percent Y-o-Y. Meanwhile, collections from other taxes, which include taxes on property, documentary stamp tax (DST), and miscellaneous taxes, amounted to P104 billion for the first semester of 2021, 0.2 percent more than the target, and 78.6 percent higher than the collection in 2020.

Bureau of Customs

- 46. BOC collections as of June 2021 totalled P301.8 billion, 3.4 percent higher than the program and 19.2 percent larger than the same period last year.** The double-digit Y-o-Y growth in BOC collections is attributed to the gradual recovery of the global economy as imports posted a positive growth Y-o-Y of 29.8 percent for the first half of 2021 compared to the same period in 2020.
- 47. Duty collections as of June 2021 reached P35.1 billion, higher by 3.1 percent compared to the program and by 6.2 percent from last year's collections.** The higher collections were due to the intensified post-clearance audit efforts implemented by the BOC.
- 48. VAT, which accounts for about 59.5 percent of BOC's total collections, registered P179.7 billion for the first half of 2021.** The collection is 8.0 percent higher than the program level and 13.9 percent higher compared with the same period last year. VAT on both oil and non-oil commodities recorded a double-digit Y-o-Y growth of 26.9 percent and 10.4 percent,

respectively. The VAT collection increase of more than 20 percent from oil could be attributed to the 118.0 percent Y-o-Y increase in the value of importations of petroleum products as a result of the higher oil prices in the world market as well as the higher volume of importations.

49. Excise tax collections reached P77.0 billion during the first half of 2021. The collection is 6.1 percent lower compared to the program but 39.4 percent higher compared to the same period last year. Excise tax collections on non-oil amounted to P12.6 billion, lower by 46.8 percent against the program and 22.0 percent lower when compared to the same period last year. Meanwhile, excise tax collections on oil totaled P64.4 billion. This is higher by 10.4 percent than the program and 64.7 percent than the same period last year. Volume of oil products importations posted an increase of 98.4 percent as Shell and Petron shifted to importing finished petroleum products from crude petroleum.

Table 8. BOC Collections, Net of Tax Refund, January to June 2021^{1/}
(In billion pesos)

Particulars	Jan-June 2020 Actual	Jan-June 2021			Actual Y-o-Y Growth Rate
		Program ^{2/}	Actual	Variance (Actual vs Program)	
Total	253.1	291.8	301.8	3.4%	19.2%
Import Duties	33.1	34.0	35.1	3.1%	6.2%
Non-Oil	35.3	34.0	35.9	5.5%	1.9%
Oil	2.4	0.0	0.02	0.0%	-99.0%
Less: Advance Payment	4.6		0.8	0.0%	-81.9%
VAT	157.8	166.4	179.7	8.0%	13.9%
Non-Oil	132.4	133.4	146.2	9.6%	10.4%
Oil	27.3	33.0	34.6	4.9%	26.9%
Less: VAT Refund/Tax Credit	1.9		1.4	0.0%	-39.2%
Excise	55.3	82.0	77.0	-6.1%	39.4%
Non-Oil	16.2	23.7	12.6	-46.8%	-22.0%
Oil	39.1	58.4	64.4	10.4%	64.7%
Others	7.0	9.3	10.0	6.4%	42.8%

1/ Totals may not add-up due to rounding.

2/ Based on the approved DBCC levels dated 19 July 2021.

Preliminary January to March 2021 TRAIN, Tax Amnesty, and Sin Tax Laws Revenue Performance

Table 9. Preliminary TRAIN, Tax Amnesty and Sin Tax Laws Revenue Performance, January to March 2021^{1/}
(In billion pesos)

Revenue Measures	Jan-March 2020 Actual	Jan-March 2021			Actual Y-o-Y Growth Rate
		Revised Program	Actual	Variance (Actual vs Program)	
TRAIN Law	25.8	36.4	47.3	30.0%	83.3%
Tax Amnesty ^{2/}	1.0	0.0	0.4	-	-55.1%
Sin Tax Laws	8.0	10.6	10.3	-3.1%	29.6%
Total	34.7	47.0	58.0	23.4%	67.1%

1/ Totals may not add-up due to rounding.

2/ No estimates in the revenue program.

Source: BIR and BOC

50. Preliminary data submitted by BIR and BOC indicate that additional revenues from Tax Reform for Acceleration and Inclusion (TRAIN), Tax Amnesty, and Sin Tax Laws for the first three months of 2021 amounted to P58.0 billion. The collection is 23.4 percent or P11 billion higher than the P47.0 billion-revised estimate for the period and is 67.1 percent or P23.3 billion higher than the level collected for the same period in 2020.

TRAIN Law

51. Additional revenues from Package 1A or the TRAIN Law amounted to P47.3 billion. Actual revenues were 30.0 percent or P10.9 billion above the revised estimate of P36.4 billion, with both BIR and BOC exceeding their targets for the period. These were also 83.3 percent or P21.5 billion higher than the actual collections in January to March 2020. The major gains were seen in the personal income tax, petroleum excise tax, DST, and other taxes with combined over performance of P21.2 billion. However, these were partially offset by the shortfalls in the excise taxes on automobiles, tobacco, and sweetened beverages, VAT, the revenue impact of fuel marking, and other taxes with combined amount of P10.3 billion.

Package 2+ or Sin Tax Laws

52. Meanwhile, additional revenues from Package 2+ or Sin Tax Laws reached P10.3 billion, slightly below the revised estimate for the period of P10.6 billion, or by 3.1 percent. However, these are 29.6 percent or P2.4 billion higher than the same period in 2020. Specifically, additional revenues from tobacco products were short of the revised estimate by P1.7 billion, while additional revenues from alcohol products were above the revised estimate by P1.4 billion. On the other hand, the BOC reported a revenue loss of P365 million for the first quarter of 2021 from the VAT exemption on medicines, higher than the revised estimate for the period of P234.5 million.

Tax Amnesty

53. Preliminary data for Q1 2021 showed that actual BIR revenue collection from Package 1B or Tax Amnesty amounted to P431.2 million. This is lower by 55.1 percent or P530 million than the actual collection in the first quarter of 2020. In particular, actual proceeds from estate tax amnesty during the first six of months of the year reached P169.9 million. Meanwhile, P261.3 million was collected for tax amnesty on delinquencies pursuant to the BIR issuance of Revenue Regulation No. 32-2020⁵¹ that extended the deadline for the availment of the tax amnesty on delinquencies until June 30, 2021.

b.2 Financing and Debt

National Government Financing

54. The NG's total gross borrowings as of end-June 2021 stood at P1.881 trillion while achieving an external-domestic financing mix of 15:85 in line with the target for the period. The total amount raised for the first half of the year covered the deficit and the refinancing requirement of P716.1 billion and P565.3 billion, respectively. This also already accounted for 61 percent of the revised full-year financing program of P3.072 trillion as the government stepped up its funding efforts to meet requirements for COVID-19 response and recovery.

⁵¹ Issued on December 21, 2020.

Table 10. National Government Financing

For the Period Indicated

(In million pesos)

Particulars	S1 2021			%	Full-year 2021	
	Program	Actual	Diff		Program ^{2/}	Revised Program ^{3/}
NET FINANCING	1,672,559	1,719,735	47,176	2.8%	2,262,900	2,273,091
External Borrowing (Net)	99,314	124,924	25,610	25.8%	182,903	332,526
External Borrowing (Gross)	274,888	284,947	10,059	3.7%	442,363	581,370
Project Loans	29,100	43,710	14,610	50.2%	61,415	58,200
Program Loans	95,788	95,082	(706)	-0.7%	94,948	183,670
Bonds and Other Inflows	150,000	146,155	(3,845)	-2.6%	286,000	339,500
Less: Amortization	175,574	160,023	(15,551)	-8.9%	259,460	248,844
Domestic Borrowing (Net)	1,573,245	1,594,811	21,566	1.4%	2,079,997	1,940,565
Domestic Borrowings (Gross)	1,575,623	1,647,919	72,296	4.6%	2,582,800	2,491,000
Treasury Bills	55,623	73,597	17,974	32.3%	50,000	50,000
Treasury Bonds	980,000	1,034,322	54,322	5.5%	1,532,800	1,901,000
Advances from BSP/Repo (Net)	540,000	540,000	0	0.0%	1,000,000	540,000
Less: Net Amortization	2,378	53,108	50,730	2133.3%	502,803	550,435
Amortization	406,497	405,232	(1,265)	-0.3%	1,002,504	1,049,478
o/w Serviced by the BSF ^{1/}	404,119	352,124	(51,995)	-12.9%	499,702	499,044
GROSS FINANCING*	1,850,511	1,881,331	30,820	1.7%	3,025,163	3,072,370
Financing Mix (% of Total)						
External	15%	15%			15%	19%
Domestic	85%	85%			85%	81%

1/ Actual redemption from Sinking Fund
 2/ Based on FY 2021 BESF Table D.1
 3/ Based on FY 2022 BESF Table D.1
 * Actual total gross financing is net of the bond exchanged amounting to P51,535 million
 Source: BTr

55. P1.648 trillion or eighty-five percent (85%) of the total borrowings were sourced from the domestic market through the auction of treasury bills and bonds. Sale of mid- and long-term tenor Treasury Bonds totaling P1.034 trillion comprised the bulk of domestic issuances, including P463.3 billion in net financing through the issuance of Retail Treasury Bonds in March 2021. This was augmented by the availment of P540.0 billion provisional advances from the BSP for budgetary support. Finally, gross treasury bills issuance reached P670.0 billion while redemptions amounted to P596.4 billion, netting P73.6 billion for the period. Domestic net amortization reached P53.1 billion for the bond exchange program of the RTB transaction in March 2021.

- 56. External borrowings obtained through concessional loans from development partners and issuances of sovereign bonds in the international market amounted to P284.9 billion.** Of the total, 51 percent or P146.2 billion was generated through the issuances of multi-tranche (4-, 12-, and 20-year) Euro-denominated global bonds amounting to P122.0 billion (EUR2.1 billion/USD2.5 billion) and 3-year Samurai Bonds worth P24.2 billion (JPY55 billion/ USD500 million) in the international market in April 2021.
- 57. Meanwhile, program loans of P95.1 billion comprised 33 percent of the total external funding, majority of which came from the International Bank for Reconstruction and Development (IBRD) and Asian Development Bank,** specifically: i) P29.0 billion or USD600 million from IBRD's *Promoting Competitiveness and Enhancing Resilience to Natural Disasters Programmatic Development Policy Loan 2*, and ii) P24.0 billion or USD500 million from ADB's *Disaster Resilience Improvement Program*.
- 58. Project loans amounted to P43.7 billion for the construction and implementation of infrastructure projects as well as COVID-19 related expenses.** The bulk of the loan availments were sourced from the Japan International Cooperation Agency (JICA) and IBRD, amounting to P20.7 billion and P14.8 billion, respectively. Thirty-seven percent (37%) or P7.6 billion and 25 percent or P5.1 billion of the JICA loans were availed for the Department of Transportation's North-South Commuter Railway and Metro Manila Subway projects, respectively. Meanwhile, the additional COVID-19 financing for the purchase of vaccines worth P8.6 billion comprised the biggest chunk of the project borrowings from IBRD. External amortization amounted to P160.0 billion, 8.9 percent or P15.5 billion below the program due to lower actual foreign exchange rates as compared to the rates used in the program.

National Government Debt

- 59. The NG's total outstanding debt was recorded at P11.166 trillion as of end-June 2021.** For the first half of the year, NG's total debt stock reflected a P1.371 trillion or 14.0 percent increase from its end-December 2020 level. Of the total debt stock, 28.9 percent was sourced externally while 71.1 percent is domestic borrowings. Year-on-year NG debt growth was equivalent to P2.112 trillion or 23.3 percent.

- 60. Debt as a percentage of GDP reached 60.4 percent as of the first half of the year,** 12.30 percentage points higher from a year ago due to the higher deficit requirement caused by the pandemic alongside the slowdown in economic growth. Nevertheless, the NG debt portfolio has maintained a manageable exposure to market risks as a result of prudent debt management.
- 61. The share of local currency debt increased to 71.66 percent as of end-June 2021 from 69.42 percent as of end-December 2020 due to continued reliance on domestic financing sources.** Meanwhile, foreign currency debt in USD, JPY, EUR and other currencies accounted for 21.11 percent, 4.02 percent, 2.86 percent and 0.36 percent of the total foreign currency debt, respectively.
- 62. The debt portfolio reflects minimal exposure to interest rate volatility.** As of end-June 2021, only 9.61 percent of the debt stock is subject to re-fixing, mitigating the impact of abrupt shifts in the interest rate environment. Weighted average interest rate (WAIR) remains stable. Portfolio WAIR as of end-June improved to 3.87 percent from 4.17 percent as of end-December 2020. This was supported by an accommodative monetary policy stance alongside strong market demand for safe haven instruments and excess market liquidity.
- 63. The government's financing and risk management strategy has also focused on medium- and long-term bond issuance to manage portfolio maturity.** As of end-June, long-term debt, or those which have maturities above 7 years, comprised 62.0 percent⁵² of the total debt portfolio. Meanwhile, medium- and short-term debt make up the remaining 24.0 percent and 14.1 percent, respectively.

⁵² Based on original maturity.

Table 11. National Government Debt

For the Period Indicated

(In million pesos)

Particulars	June 2020	June 2021	Y-o-Y	
			Difference	Variance
Total NG Debt	9,054,064	11,166,033	2,111,969	23.3%
External	2,864,024	3,227,476	363,452	12.7%
Domestic	6,190,040	7,938,557	1,748,517	28.2%
% of Total				
External	32%	28.9%		
Domestic	68%	71.1%		
% of GDP	48.1%	60.4%	12.30%	
External	15.2%	17.5%	2.24%	
Domestic	32.9%	43.0%	10.06%	
Total NG Debt by Instrument	9,054,064	11,166,033	2,111,969	23.3%
Loans	1,469,761	1,955,220	485,459	33.0%
Debt Securities	7,584,303	9,210,813	1,626,510	21.4%
Total NG Debt by Currency	9,054,064	11,166,033	2,111,969	23.3%
Peso Denominated	6,294,824	7,999,775	1,704,951	27.1%
Foreign Currency Denominated	2,759,240	3,166,258	407,018	14.8%
Maturity Profile ^{1/}	100.00%	100.00%		
Short-term	12.2%	14.1%		
Medium-term	18.7%	24.0%		
Long-term	69.1%	62.0%		
Weighted Ave. Interest Rate	4.64	3.87		
External	3.61	2.77		
Domestic	5.14	4.35		
Interest Rate Mix	100.00%	100.00%		
Fixed	86.47%	85.15%		
Floating	9.72%	9.61%		
Interest Free	3.81%	5.24%		
Total Interest Payments	187,676	208,533	20,857	11.1%
External	53,182	49,198	(3,984)	-7.5%
Domestic	134,494	159,335	24,841	18.5%
% of GDP				
Total Interest Payments	2.19%	2.29%		
External	0.62%	0.54%		
Domestic	1.57%	1.75%		
% of NG Expenditures				
Total Interest Payments	9.32%	9.45%		
External	2.64%	2.23%		
Domestic	6.68%	7.22%		
% of NG Revenues				
Total Interest Payments	12.91%	13.99%		
External	3.66%	3.30%		
Domestic	9.25%	10.69%		
Memo Items				
GDP	18,806,310	18,472,127		
GDP (flow)	8,580,497	9,114,041		
Peso/USD	49.790	48.704		
Expenditures	2,013,728	2,206,424		
Revenues	1,453,318	1,490,358		

1/ Based on original maturity

Source: BTr

b.3 Expenditure Performance

- 64. The FY 2021 General Appropriations Act or RA No. 11518 was enacted on December 28, 2020, providing the country with the financial blueprint to tackle the ongoing COVID-19 health crisis.** As earlier discussed, this year's budget amounts to P4.506 trillion, 9.9 percent higher when compared to 2020's P4.1 trillion and is equivalent to 22.7 percent of GDP. As early as the first working day of the year on January 4, 2021, a total of P2.3 trillion or 87.0 percent of the P2.646 trillion programmed agency-specific budget were comprehensively released to various implementing agencies through the NBC No. 583 or the Guidelines on the Release of 2021 Funds.⁵³ The early release of allotments for those expenditures not requiring further details or clearances facilitates the timely implementation of programs, activities, and projects of the government, particularly in these crucial times.
- 65. The availability of appropriations under the *Bayanihan II* and the FY 2020 GAA was extended up to this year to provide additional fiscal stimulus during the pandemic.** By virtue of RA No. 11519⁵⁴, appropriations under the *Bayanihan II* were made available for release, obligation, and disbursement until June 30, 2021. Meanwhile, pursuant to RA No. 11520⁵⁵, the availability of appropriations under the FY 2020 GAA were extended until December 31, 2021. The said measures will help ensure the completion of various PAPs under the *Bayanihan II* and FY 2020 Budget which were still ongoing last year or whose implementation were affected by the pandemic.
- 66. Economy measures will continue to be implemented this year to channel savings from less priority expenditures to augment funding of ongoing COVID-19 initiatives.** The President issued AO No. 41 s.2021 on May 12, 2021⁵⁶ to direct the National Government Agencies (NGAs) to

⁵³ Summary of 2021 Appropriations. NBC No. 583 dated January 4, 2021. Available at <https://dbm.gov.ph/wp-content/uploads/Issuances/2021/National-Budget-Circular/NBC-583-FY-2021-Summary-of-appropriations.pdf>.

⁵⁴ Entitled "An Act Extending the Availability of Appropriations Under Republic Act No. 11494, Otherwise Known As the "Bayanihan to Recover As One Act". Dated December 29, 2020. Available at <https://www.officialgazette.gov.ph/downloads/2020/12dec/20201229-RA-11519-RRD.pdf>.

⁵⁵ Entitled "An Act Extending the Availability of the 2020 Appropriations to December 31, 2021, Amending for the Purpose Section 60 of the General Provisions of Republic Act No. 11465 or the General Appropriations Act of Fiscal Year 2020." Dated December 29, 2020. Available at <https://www.officialgazette.gov.ph/downloads/2020/12dec/20201229-RA-11520-RRD.pdf>.

⁵⁶ Entitled "Directing All Agencies of the Executive Department to identify Savings from their Respective Appropriations Under the General Appropriations Act (GAA) for Fiscal Year 2020, for

identify portions or balances of their released FY 2020 appropriations which can be declared as savings, particularly for those unobligated funds resulting from completion, final discontinuance or abandonment, or from the implementation of cost-efficiency measures. The savings generated will be used to augment existing items of appropriations in the GAA for COVID-19 measures, such as the provision of emergency subsidies to low-income households and disadvantaged or displaced workers subject to the rules on the use of savings and augmentation, as well as approval of the President. Relatedly, NBC No. 586⁵⁷ was subsequently issued on May 21, 2021 for the purpose of providing guidelines to implementing agencies in determining agency savings.

67. The total available appropriations for the year amounted to P4.910 trillion vis-à-vis the P4.506 trillion budget level with funds coming from the FY 2020 Continuing Appropriations, Bayanihan II, Unprogrammed Appropriations, and other Automatic Appropriations are considered part of the government's overall funding support for its regular operations and COVID-19 measures.⁵⁸ Of the said amount, P4.075 trillion was released to various NGAs, Government-Owned and -Controlled Corporations (GOCCs), and LGUs during the first six months of the year.⁵⁹ Actual obligation for the period amounted to P2.332 trillion, representing 57.2 percent of the total allotment releases. Meanwhile, total disbursements based on the Cash Operations Report (COR) of the BTr reached P2.206 trillion as of end-June 2021. (*The expenditure performance of select big-spending departments/agencies is discussed in Part IV of the Report, starting on page 54*).

Consideration in the Augmentation of Deficiencies in Items of Appropriations therein, in view of the Coronavirus Disease 2019 (COVID-19) Pandemic." Available at

<https://www.officialgazette.gov.ph/downloads/2021/05may/20210512-AO-41-RRD.pdf>.

⁵⁷ Entitled "Guidelines for the Identification of Agency Savings under the FY 2020 GAA (RA No. 11465) for Purposes of Augmentation of Appropriations therein Due to the Continuing COVID-19 Pandemic. Available at <https://dbm.gov.ph/wp-content/uploads/Issuances/2021/National-Budget-Circular/NATIONAL-BUDGET-CIRCULAR-NO-586.pdf>.

⁵⁸ Based on the Statement of Appropriations, Allotments, Obligations, Disbursements, and Balances Report as of September 13, 2021. Available at: <https://dbm.gov.ph/index.php/programs-projects/statement-of-allotment-obligation-and-balances>.

⁵⁹ Included the unobligated allotments released in the previous year.

Table 12. Statement of Appropriations, Allotments, Obligations, Disbursements, and Balances, January to June 2021⁶⁰

(In billion pesos, unless otherwise indicated)

Particulars	Available Appropriations ^{1/}	Allotment Releases ^{2/}	Actual Obligations	Unobligated Balances	Obligation Rate ^{3/}	Disbursements ^{4/}
National Government Agencies	3,136.4	2,854.3	1,501.9	1,352.4	52.6%	1,408.3 ^{5/}
Special Purpose Funds (SPFs)	1,213.0	1,004.9	615.1	389.8	61.2%	582.8
GOCCs	172.8	129.3	129.3	-	100.0%	134.3
ALGUs	846.3	802.7	414.7	388.0	51.7%	448.5
Other SPFs/Cont. Appro.	193.9	72.9	71.2	1.8	97.5%	-
Automatic Appropriations	560.2	215.7	215.3	0.4	99.8%	215.3
Net Lending	28.7	7.2	6.8	0.4	94.6%	6.8
Interest Payments	531.5	208.5	208.5	-	100.0%	208.5
Other Automatic Appro.	-	-	-	-	-	-
Total	4,909.6	4,075.0	2,332.3	1,742.6	57.2%	2,206.4
<i>By Funding Source</i>	<i>4,909.6</i>	<i>4,075.0</i>	<i>2,332.3</i>	<i>1,742.6</i>	<i>57.2%</i>	<i>-</i>
Current Year	4,599.7 ^{6/}	3,796.5	2,153.1	1,643.4	56.7%	
Continuing Appropriations	309.9 ^{7/}	278.5	179.2	99.3	64.4%	

1/ Pertains to the FY 2021 GAA, FY 2020 Continuing Appropriations, RA No. 11494 (*Bayanihan II*) as extended by RA No. 11519, Automatic Appropriations, and Unobligated Allotments. Includes adjustments per Special Provisions in the GAA, modification of allotment classes, and releases to implementing agencies from SPFs, Unprogrammed, and Automatic Appropriations.

2/ Includes FY 2020 Continuing Appropriations and *Bayanihan II*.

3/ Percentage of obligations vs allotment releases.

4/ Based on the Cash Operations Report of the BTr. Include prior years' obligations/accounts payables, and Non-NCA expenditures.

5/ Includes P15.6 billion Tax Expenditure Subsidy.

6/ Includes P77.1 billion from Unprogrammed Appropriations.

7/ Include P166.4 billion Unobligated Allotments in 2020.

Source: Statement of Appropriations, Allotments, Obligations, Disbursements, and Balances of the DBM, and Cash Operations Report of the BTr.

⁶⁰ Data as of September 13, 2021. Available at <https://www.dbm.gov.ph/index.php/programs-projects/statement-of-allotment-obligation-and-balances>.

Status of COVID-19 Releases

68. As of June 30, 2021, a total of P602.1 billion had been released to various government agencies for the implementation of COVID-19 measures under the *Bayanihan Laws*.⁶¹ The amount pertains to the released allotments that implementing agencies can use to enter into contract with suppliers/service providers to implement their respective COVID-19 PAPs. Of this amount, more than half or P310.1 billion was charged against the pooled savings generated from discontinued PAPs pursuant to Section 4(v) of the *Bayanihan I* and Section 11(b) of the *Bayanihan II*. For transparency and accountability of public funds, the details and latest updates on the status of COVID-19 releases are posted regularly on the DBM website.

**Table 13. Status of *Bayanihan* Releases as of June 30, 2021, by Sources of Funding
(In billion pesos)**

Funding Source	Bayanihan I (RA 11469)	Bayanihan II (RA 11494)	Total
A. Charged vs Pooled Balances ^{1/}	266.8	43.2	310.1
B. FY 2020 Regular Agency Fund ^{2/}	20.3	1.9	22.2
C. FY 2019 Regular Agency Fund - FLR ^{3/}	2.3	0.5	2.8
D. Unprogrammed Appropriations ^{2/}	96.7	9.4	106.1
E. Special Purpose Funds ^{2/ , 4/}	1.8	8.4	10.2
F. Special Appropriations, RA 11494	-	150.6	150.6
Total	387.9	214.1	602.1

1/ Refers to savings pooled from discontinued programs, activities, and projects (PAPs), pursuant to Section 4(v) of RA No. 11469 and Section 11(b) of RA No. 11494

2/ Charged against the FY 2020 GAA

3/ Charged against the FY 2019 Continuing Appropriations (Regular Agency Fund - For Later Release (FLR))

4/ Includes the Contingent Fund, NDRRMF, and Miscellaneous Personnel Benefits Fund (MPBF)

Source: DBM

⁶¹ Based on the COVID-19 Budget Utilization Reports. Available at <https://dbm.gov.ph/index.php/programs-projects/status-of-covid-19-releases#bayanihan-2>.

69. The total amount of allotment releases for COVID-19 measures when other COVID-19 PAPs upon the expiration of the *Bayanihan I*⁶² and in the FY 2021 Budget are included has reached P679.3 billion as of end-June 2021 (see Table 14 below). Bulk of the total COVID-19 releases, amounting to P241.4 billion, went to Social Protection and Assistance. This includes funding support for the following programs under the DSWD: (i) Emergency Subsidy Program for low-income beneficiaries; (ii) Assistance to Individuals in Crisis Situations (AICS) to provide emergency subsidy in areas which will be placed under granular lockdown; and (iii) Sustainable Livelihood Program (SLP) to provide assistance to the informal sector. Meanwhile, COVID-19 releases for the Health Sector reached P175.2 billion for PAPs such as, (i) hazard payment and special risk allowances of deployed public health workers; (ii) hiring of Human Resources for Health personnel; (iii) procurement of PPEs and COVID-19 testing kits, among others; and (iv) construction and maintenance of isolation facilities. It also funded the procurement of COVID-19 vaccines, and related expenditures under the HEAL COVID-19 Project⁶³, and the COVID-19 Emergency Response Project⁶⁴.

Table 14. Status of COVID-19 Releases as of June 30, 2021, by Sector
(In billion pesos)

Sector	Bayanihan I	Post-Bayanihan I ^{1/}	Bayanihan II	FY 2021 GAA	TOTAL
TOTAL	387.9	6.5	214.1	70.8	679.3
Health (incl. Health Infrastructure)	49.4	3.4	52.7	69.6	175.2
Social Protection and Assistance	212.4	-	28.9	-	241.4
Cash-for-Work/Employment	12.6	-	27.5	0.2	40.3
Assistance to MSMEs	52.2	-	-	-	52.2
Agriculture	11.4	-	23.3	-	34.7
Transportation	-	-	9.5	-	9.5
Tourism	-	-	1.0	-	1.0
Education	10.9	-	9.8	-	20.7
GFI Capital Infusion	-	-	53.1	-	53.1
Assistance to LGUs	37.0	-	3.5	-	40.5
Others	1.9	3.0	4.8	1.0	10.8

1/ Refers to the interim period between the expiration of *Bayanihan I* and the effectivity of *Bayanihan II*

Source: DBM

⁶² Ongoing COVID-19 response measures charged against the FY 2020 Budget.

⁶³ Under a foreign loan assistance from the ADB and Asian Infrastructure Investment Bank (AIIB).

⁶⁴ Under a foreign loan assistance from the World Bank.

NG Disbursements

70. NG spending for the first semester of 2021 expanded to P2.206 trillion, P192.7 billion or 9.6 percent larger year-on-year despite the high base effects of COVID-19 emergency measures for the same period last year.⁶⁵ While maintenance and other operating expenses (MOOE), and subsidy declined from a year ago due mainly to the completion of cash aid packages through the Social Amelioration Program (SAP) of the DSWD and the Small Business Wage Subsidy Program (SBWSP) of the Social Security System (SSS), disbursements for the period were still buoyed largely by equity, transfers to LGUs, and personnel services (PS) expenditures. Equity soared to P46.0 billion from just P600 million last year as the remaining funds for the lending programs of various Government Financial Institutions (GFIs) under the *Bayanihan II* were released earlier in the year. Transfers to LGUs increased year-on-year on account of the higher IRA shares of LGUs, BARMM Block Grant, as well as the releases for the Support to *Barangay* Development Program under the LGSF for various local infrastructure projects and social assistance programs. Meanwhile, the growth of PS expenses is credited largely to the implementation of the Second Trance of the Salary Standardization Law V (SSLV) and payment of performance-based bonus (PBB) and other employee benefits in various agencies.

71. Infrastructure and other capital outlays grew by 43.2 percent to P426.6 billion during the first six months of the year, rebounding from last year's 4.3 percent contraction as looser community quarantine restrictions paved the way for faster project implementation. Infrastructure spending was driven by the road infrastructure programs of the DPWH, AFP Modernization Program of the DND, Foreign-Assisted Projects of the DOTr, and other capital outlay projects in various departments. The overall infrastructure disbursements when the infrastructure components of subsidy and equity to GOCCs and transfers to LGUs are included totaled P535.9 billion, up by P154.1 billion or 40.3 percent, and is equivalent to 5.9 percent of GDP. This compares to 4.5 percent of GDP for the same period last year when some capital outlay projects were discontinued due to the pandemic and realigned to the government's COVID-19 emergency response pursuant to *Bayanihan I* and *II* laws.

⁶⁵ For further reading, see the National Government Disbursement Performance Report as of June 2021. Available at https://www.dbm.gov.ph/wp-content/uploads/DBCC/2021/NG_Disbursements_June%202021_for_posting.pdf.

Table 15. National Government Disbursements, January to June 2021
(In billion pesos, unless otherwise indicated)

Particulars	2020 Actual	2021		Variance		Inc/(Dec)	
		Program ^{1/}	Actual	Amount	%	Amount	%
CURRENT OPERATING EXP.	1,622.2	1,841.9	1,615.5	(226.4)	-12.3%	(6.7)	-0.4%
Personnel Services	559.3	618.6	593.8	(24.7)	-4.0%	34.6	6.2%
Maintenance & Other Operating Exp.	413.0	435.6	372.3	(63.3)	-14.5%	(40.8)	-9.9%
Subsidy	128.7	178.2	88.3	(89.9)	-50.5%	(40.4)	-31.4%
Allotment to LGUs	327.1	342.9	337.0	(5.9)	-1.7%	9.9	3.0%
Interest Payments	187.7	257.9	208.5	(49.4)	-19.1%	20.9	11.1%
Tax Expenditure	6.5	8.8	15.6	6.9	78.4%	9.2	142.1%
CAPITAL OUTLAYS	380.6	585.6	584.2	(1.4)	-0.2%	203.5	53.5%
Infrastructure/Other Capital Outlays	297.9	419.6	426.6	7.0	1.7%	128.7	43.2%
Equity	0.6	56.0	46.0	(10.0)	-17.9%	45.4	8213.9%
Capital Transfers to LGUs	82.2	110.0	111.5	1.5	1.4%	29.4	35.8%
NET LENDING	10.9	12.3	6.8	(5.5)	-44.6%	(4.1)	-37.7%
TOTAL DISBURSEMENTS	2,013.7	2,439.8	2,206.4	(233.4)	-9.6%	192.7	9.6%
<i>Memo items:</i>							
Revenues	1,453.3	1,421.8	1,490.4	68.5	4.8%	37.0	2.5%
(Deficit)	(560.4)	(1,018.0)	(716.1)	301.9	-29.7%	(155.7)	27.8%
Infrastructure Disbursements ^{2/}	382.1	568.0	535.9	(32.1)	-5.7%	153.8	40.3%

1/ Program approved by the DBCC on May 18, 2021.

2/ Include estimated NG infrastructure disbursements, and infrastructure components of subsidy and equity to GOCCs and transfers to LGUs.

72. However, NG disbursements were lower than the P2.44 trillion program by P233.4 billion or 9.6 percent largely due to timing of subsidy releases, outstanding checks, and lower-than-programmed interest payments. Subsidy was below the program by nearly P90.0 billion or 50.5 percent pending the submission of budget request by several GOCCs, such as the PHIC, NHA, National Irrigation Administration (NIA), Bases Conversion and Development Authority (BCDA), and National Electrification Administration (NEA). Aside from the ongoing processing of claims or payments and pending delivery of procured good or supplies, huge volume of outstanding checks was accumulated during the period. These issued checks but were not yet encashed by creditors, suppliers, and/or program beneficiaries amounted to P75.9 billion based on the NCA Utilization Report as of end-June 2021.⁶⁶ The same may have contributed to the lower-than-expected disbursement outturn for PS and MOOE. Meanwhile, lower-than-programmed interest payments (IP) were recorded mainly due to lower actual interest and foreign-exchange rates.

⁶⁶ Available at <https://dbm.gov.ph/index.php/programs-projects/status-of-nca-utilization/285-dbm-releases/2021-status-of-nca-utilization/1901-2021-status-of-nca-utilization-as-of-june-30-2021>.

NG Deficit

73. The deficit for the first half of the year clocked in at P716.1 billion, equivalent to 7.9 percent of GDP. Although higher by P155.7 billion or 27.8 percent year-on-year amid this year's larger financing requirements, this is P301.9 billion or 29.7 percent lower than the P1.018 trillion program due to the combined impact of higher revenue receipts and slower disbursements during the first six months of the year. The deficit is expected to widen towards the end of the year as implementing agencies catch up with their spending commitments. To meet these financing requirements and budgetary needs the NG will continue to rely heavily on domestic loans to mitigate foreign exchange risks and volatility as well as help develop the local capital market. The borrowing mix for FY 2021 was reset to 19:81, still in favor of domestic sources.

IV. Expenditure Performance of Select Big-Spending Departments/Agencies, by Major Programs/Projects

Department of Agriculture

Financial Performance

Table 16. Financial Performance, DA, January to June 2021
(In billion pesos)

Department	January to June 2020 ^{1/}					January to June 2021 ^{2/}				
	Allotment	Obligation	Disbursements	BUR		Allotment	Obligation	Disbursements	BUR	
				Oblig	Disb				Oblig	Disb
DA	60.1	35.1	20.9	58.4%	59.6%	61.3	30.2	14.0	49.2%	46.3%

1/ 2020 SAAODB, as of June 30, 2020

2/ 2021 SAAODB, as of June 30, 2021 (preliminary)

74. The DA has obligated almost half of its total allotment at P30.2 billion or 49.2 percent for the first semester of 2021.⁶⁷ Of the said amount, P14.0 billion or 46.3 percent has been disbursed by the Department. These would translate to 9.2 percentage points and 13.3 percentage points lower compared to the 58.4 percent obligation and 59.6 disbursement rates, respectively, for the first semester of 2020. The lower outturns were generally attributed to the unintended delays encountered

⁶⁷ For Section IV of this publication, the “Obligation Rate” is computed as Obligation over Allotment. Meanwhile, the “Disbursement Rate” is measured as the ratio of Disbursements to Obligation.

due to travel, health, and safety restrictions, limited logistical support, and unfavorable weather conditions.

75. By implementing agency, the bulk of DA's allotment went to the Office of the Secretary (OSEC), receiving P43.7 billion or 71.3 percent of the Department's total allotment for the first semester of 2021. The OSEC obligated a total amount of P24.0 billion and disbursed P9.3 billion, translating to an obligation rate and a disbursement rate of 54.9 percent and 38.6 percent, respectively.

Table 17. Financial Performance, DA Banner Programs, January to June 2021
(*In million pesos*)

Particulars	Allotment	Obligation	Disbursement
National Rice Program	15,956.0	11,099.9	2,601.7
National Livestock Program	1,466.9	935.7	338.7
National Corn Program	1,607.5	1,198.1	436.8
National High-Value Crops Development Program	2,363.9	1,581.4	627.9
National Organic Agriculture Program	794.3	568.6	94.6
National Fisheries Program	4,310.6	2,211.9	1,381.3
Credit Facilities Program	2,715.0	1,556.5	1,556.5
TOTAL	29,214.3	19,152.1	7,037.4

76. Among the DA's major programs, the National Rice Program incurred the largest obligations at P11.1 billion. This is followed by the National Fisheries Programs at P2.2 billion, National High-Value Crops Development Program and Credit Facilities Program, both with total obligations of P1.6 billion, and National Corn Program at P1.2 billion. Meanwhile, the National Livestock Program and National Organic Agriculture Program both incurred obligations amounting to P936 million and P569 million, respectively.

Physical Performance

Table 18. Physical Performance, DA-OSEC, January to June 2021

Particulars	January to June 2021			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
DA-OSEC				
TECHNICAL AND SUPPORT SERVICES PROGRAM				
<i>Output Indicators</i>				
1.	Number of Provinces and Chartered Cities provided with production support services and support to construct market-related infrastructure ⁶⁸	-	-	-
2.	Number of group beneficiaries provided with market development services	263	794	1,643
3.	Number of extension workers trained to support the capacity of LGUs			
a.	LGU extension workers trained ⁶⁹	841	3,625	1,944
b.	Farmers, fisherfolks and other participants ⁷⁰	3,574	23,737	2,615
AGRICULTURAL, MACHINERY, EQUIPMENT, FACILITIES AND INFRASTRUCTURES PROGRAM				
<i>Output Indicators</i>				
1.	Number of Provinces and Chartered Cities provided with agricultural machinery, equipment, facilities, and small-scale irrigation projects (SSIP) ⁷¹	-	-	-
2.	Number of hectares of service area generated from the establishment and installation of SSIP	-	1,724.6	-
3.	Number of kilometers of Farm-to-Market Roads (FMRs) validated for construction/rehabilitation ⁷²	709.1	185.0	818.0
4.	Percentage of DPWH-constructed FMRs monitored ⁷³	-	-	79.4% 92.1%
AGRICULTURE AND FISHERY POLICY PROGRAM				
<i>Output Indicators</i>				

⁶⁸ Physical target of 100% is committed in the 4th Quarter as submitted by the DA.

⁶⁹ GAA Targets: 1st Quarter – 481; 2nd Quarter – 2,305. As reported by the DA, the targets were adjusted due to the additional *Barangay Biosecurity Officers* to be trained under the National Livestock Program (NLP) in support of the BABAY ASF.

⁷⁰ GAA Targets: 1st Quarter – 3,464; 2nd Quarter – 20,911. As reported by the DA, the targets were adjusted due to the reprioritization of targets under the NLP in support of the implementation of BABAY ASF, which resulted to the increase in number of individuals to undergo training courses.

⁷¹ Physical target of 100% is committed in the 4th Quarter as submitted by the DA.

⁷² GAA Targets: 1st Quarter – 647.95; 2nd Quarter – 172.63. As reported by the DA, the targets were adjusted due to the Congress-introduced increase of P1.76 billion in the enacted FY 2021 GAA.

⁷³ Physical target of 100% is committed in the 4th Quarter as submitted by the DA.

Particulars	January to June 2021			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
1. Number of policies supported and endorsed for approval	15	20	21	28
AGRICULTURE AND FISHERY REGULATORY SUPPORT PROGRAM				
<i>Output Indicators</i>				
1. Percentage of applications for quarantine and sanitary and phytosanitary (SPS) clearance processed within one (1) day ⁷⁴	-	-	91.8%	98.3%
2. Number of agri-fishery standards developed	2	3	1	4
3. Percentage of new agriculture facilities and products that have been inspected at least once a year ⁷⁵	-	-	-	-
LOCALLY-FUNDED AND FOREIGN-ASSISTED PROGRAM				
<i>Output Indicators</i>				
1. Percentage of amount of approved FMR subprojects to the total amount of FMR allocation ⁷⁶	-	-	-	-

Source: Budget Accountability Report (as of June 30, 2021)

77. For the first semester of 2021, the DA-OSEC linked more farmer groups to the market through various modalities of *Kadiwa* Program. These included *Kadiwa* retail, *Kadiwa* online, and *Kadiwa* on wheels, among others, which provided a total of 3,427 group beneficiaries with market development services. This accomplishment is 224.2 percent above its 1,057 target for the period. The *Kadiwa* is a market system where major agricultural goods are sold at reasonably low prices to help poor Filipino households.

78. To control and prevent the spread of the ASF, a total of 5,417 Extension Workers and 19,343 famers, fisherfolks, and others were trained by the Department, reflecting 121.3 percent and 70.8 percent of its targets for the first semester of 2021. The majority of the activities were focused on capacitating the Extension Workers, Veterinarians, and Barangay Biosecurity Officers on *Bantay African Swine Fever sa Barangay* (BABay ASF). However, some of the DA operating units encountered difficulty in the conduct of training activities to farmers and fisherfolks due to travel restrictions in some areas.

⁷⁴ *Ibid.*

⁷⁵ Physical target of 100% is committed in the 4th Quarter as submitted by the DA.

⁷⁶ *Ibid.*

- 79. Under the Agricultural Machinery, Equipment, Facilities and Infrastructures Program, additional service area of 979 hectares was generated from the installation and construction of 353 SSIPs⁷⁷.** This translates to merely 56.8 percent accomplishment of the 1,724 first semester target and 18.2 percent accomplishment rate vis-a-vis the 5,384 full-year target of the Department. As reported by the DA, the non-accomplishments of the Program's targets were due to the following reasons: (1) Delay in the conduct of post qualification evaluation and review of Agricultural Machinery Testing and Evaluation Center (AMTEC) test result due to lockdowns brought about by COVID-19 pandemic and; (2) Delay in the delivery of irrigation equipment by the supplier; and (3) Failed bidding due to lack of interested bidders. In terms of validation of FMRs for construction/rehabilitation, it is noted that the DA surpassed its target by 5.9 percent having fully validated 827 sub-projects, which is equivalent to 946.7 kms of FMRs. Moreover, the DA-OSEC monitored 85.7 percent of the DPWH-constructed FMRs for the first semester. This compares to its full-year target of 100.0 percent. The failure to monitor the other completed FMR subprojects resulted from the difficulties encountered by the Department in post-geotagging activities as well as peace and order situation specifically for some areas in RFO XII.
- 80. Under the Agriculture and Fishery Policy Program, a total of 49 domestic and international policy concerns/ issues were addressed for the first semester** through active involvement in various activities such as participation in meetings and negotiations, development of policy issuances, and provision of technical inputs in drafting policy issuances, among others. This exceeded the Department's set target for the first semester by 40.0 percent.
- 81. A total of 30,490 SPS Import Clearance (SPSIC) or 96.7 percent out of the 31,158 applications received were processed for the first semester under the Agriculture and Fishery Regulatory Support Program.** Under the same program, a total of five standards on Food Safety and Quality were developed during the first Semester, which is on track with its target for the first semester.

⁷⁷ Such as pump irrigation system from open source (PISOS), diversion dams, shallow tube wells, solar-powered irrigation, and drip irrigation systems.

Table 19. Physical Performance, DA-ACPC, January to June 2021

Particulars	January to June 2021			
	Target (GAA)		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
ACPC				
AGRICULTURAL CREDIT PROGRAM				
<i>Output Indicators</i>				
1.	Amount of loans granted to credit retailers/lenders and to end-borrowers			
	a. Credit retailers/lenders	700	850	704.7
	b. End-borrowers	400	860	48.1
2.	Number of credit program orientations and credit matching seminars and workshops conducted			
		6	8	6
3.	Number of farmers and fisherfolk organizations provided with institutional capacity building assistance			
		35	35	8
				88

Source: Budget Accountability Report (as of June 30, 2021)

82. The Agricultural Credit Policy Council (ACPC) exceeded all but one of its targets for its Agricultural Credit Program, lending to a total of P1.9 billion to credit retailers/lenders (P1.6 billion) and end-borrowers (P378 million). The DA-ACPC conducted 23 credit program orientations and credit matching seminars and workshops, which already surpassed its target by 64.3 percent. Moreover, a total of 96 farmers and fisherfolk organizations were provided with institutional capacity building assistance, which exceeded the first semester target of 70 by 37.1 percent. It is noteworthy that the ACPS's non-attainment of amounts of loans granted to end-borrowers (P378 million loans granted out of the P1.3 billion target for the period) was due to the fact that the bulk of the loans released by Partner Lending Conduits (PLCs) to end-borrowers for the first semester of 2021 were sourced from the *Bayanihan II*⁷⁸ and which were transferred by the ACPC to the PLCs/credit retailers in the last quarter of 2020. Nevertheless, the DA-ACPC committed to catch up and accomplish their annual target by the end of 2021.

⁷⁸ RA No. 11494 entitled “*Bayanihan to Recover as One Act*”, otherwise known as *Bayanihan II*.

Table 20. Physical Performance, DA-BFAR, January to June 2021

Particulars	January to June 2021			
	Target (GAA)		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
BFAR				
FISHERIES DEVELOPMENT PROGRAM				
<i>Output Indicators</i>				
1. Number of beneficiaries provided with aquaculture support/supply				
a. Number of individuals	4,052	6,905	6,761	9,675
b. Number of fisherfolk groups	207	269	244	409
2. Number of beneficiaries provided with postharvest support/supply				
a. Number of individuals	-	185	15	90
b. Number of fisherfolk groups	16	51	7	50
3. Number of beneficiaries provided with environment-friendly fishing gears/paraphernalia				
a. Number of individuals	174	5,514	51	2,189
b. Number of fisherfolk groups	21	104	8	48

Source: Budget Accountability Report (as of June 30, 2021)

83. Meanwhile, the implementation of community quarantine and travel restrictions nationwide hampered the full implementation of the Fisheries Development Program of the Bureau of Fisheries and Aquatic Resources (BFAR). The delivery of fishing gears and other paraphernalia to individuals and fisherfolk groups reached only 39.4 percent and 44.8 percent of the first semester targets, respectively, with the distribution/delivery being rescheduled on the second semester of 2021. A similar performance is observed in the provision of postharvest support/supply to individuals and fisherfolk groups with accomplishment rates at 56.7 and 85.1 percent, respectively. The targets for the provision of aquaculture support were, however, exceeded due to the availability of tilapia fingerlings and seaweeds propagules. Thus, more requests were received from LGUs for stock enhancement activities in communal bodies of water, fingerlings for backyard farming, aquaponics and other livelihood activities.

Department of Environment and Natural Resources

Financial Performance

Table 21. Financial Performance, DENR, January to June 2021
(In billion pesos)

Department	January to June 2020 ^{1/}					January to June 2021 ^{2/}				
	Allotment	Obligation	Disbursements	BUR		Allotment	Obligation	Disbursements	BUR	
				Oblig	Disb				Oblig	Disb
DENR	22.7	10.6	7.8	46.8%	73.3%	26.3	13.8	9.8	52.3%	71.2%

1/ 2020 SAAODB, as of June 30, 2020
2/ 2021 SAAODB, as of June 30, 2021

84. As of first semester 2021, the DENR had obligated P13.8 billion or more than half of its P26.3 billion allotment for the period. Moreover, out of this total obligation, P9.8 billion or 71.2 percent was disbursed. In comparison to its FY 2020 performance, the DENR showed slight improvement in raising its obligation rate by 5.5 percentage points while the disbursement rate decreased by 2.1 percentage points.

85. The Natural Resources Conservation and Development Program of the DENR-OSEC, which includes the agency's sub-programs on wildlife conservation, protected areas development and management, and coastal and marine ecosystems rehabilitation, accounted for P6.5 billion in obligations and P4.2 billion of disbursements for the first half of FY 2021. In addition, the agency obligated P784.9 million and disbursed P571.36 million for its Natural Resources Enforcement and Regulatory Program.

Table 22. Financial Performance, DENR-OSEC Selected Programs, January to June 2021⁷⁹
(In million pesos)

Particulars	Allotment	Obligation	Disbursement
Natural Resources Enforcement and Regulatory Program	1,841.87	784.91	571.36
Natural Resources Conservation and Development Program	11,757.83	6,523.20	4,226.52

86. Meanwhile, the development and regulation of mining resources and environmental quality were also sustained, with the Mines and

⁷⁹ DENR. "Annual Financial Reports – FY 2021 FAR No. 1. SAAOBDB". Available at: <https://denr.gov.ph/index.php/good-governance/transparency-seal-provisions>. Accessed on 17 September 2021.

Geosciences Bureau (MGB) and the Environmental Management Bureau (EMB) committing P649.7 million and P1.4 billion, respectively, for those activities.

Physical Performance

Table 23. Physical Performance, DENR-OSEC, January to June 2021

Particulars	2021			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
NATURAL RESOURCES ENFORCEMENT AND REGULATORY PROGRAM				
<i>Output Indicators</i>				
1. No. of hectares of open-access/untenured lands of the public domain placed under appropriate management arrangement/tenure			732.36	3,314.36
2. Percentage of wildlife permits, certifications and/or clearance applications acted upon within 7 working days from date of receipt	80%	80%	90%	89%
NATURAL RESOURCES CONSERVATION AND DEVELOPMENT PROGRAM				
<i>Output Indicators</i>				
1. No. of terrestrial protected areas/wetlands/caves established/conserved				
Inland Wetlands		3		14
Caves		4		17
2. No. of critical habitats established and managed	6 managed	6 managed	1 managed	1 managed
3. No. of legislated NIPAS MPAs with Water Quality Assessment Monitoring conducted		15	5	13
4. No. of established Marine Protected Areas Network (within NIPAS MPA or with at least one NPAS MPA component strengthened)	3	3	1	2
5. No. of residential free patents issued	6,437	13,586	3,964	7,265
6. Area of denuded and degraded forestlands/Pas decreased (in ha. Cumulative)	577	6,484	10	8,006
7. No. of hectares planted area maintained and protected	28,573	28,679	48,198	8,968
8. Percentage of annual survival rate of seedlings planted				
ENVIRONMENT AND NATURAL RESOURCES RESILIENCY PROGRAM				
<i>Output Indicators</i>				
1. No. of priority critical watershed supporting National Irrigation System characterized and vulnerability assessed				1

- 87. Under its Natural Resources Conservation and Development Program, DENR-OSEC established and conserved fourteen (14) wetlands and seventeen (17) caves during the first half of the year, which already exceeded its annual target.** The DENR conducted Water Quality Assessment Monitoring to eighteen (18) legislated National Integrated Protected Area System (NIPAS) Marine Protected Areas (MPAs), which already exceeded its target of monitoring fifteen (15) marine protected areas on the same period. Meanwhile, the Department already fulfilled its commitment for the fiscal year by establishing three (3) Marine Protected Areas Network during the first half of 2021. On the other hand, it nearly achieved its first semester targets of maintaining and protecting 57,252 has. of planted area by covering 57,166 has., equivalent to 99.85 percent. It also topped its targets in decreasing the area of denuded and degraded forestlands/protected areas (PAs) at 8,016 has., which is 13.52 percent higher than the target of 7,061 has. for the period. Moreover, the DENR was able to act upon 89.5 percent of wildlife permits received and was able to determine the appropriate management arrangement/tenure for 4,046.72 has. of open-access/untenued lands. However, it must improve its performance on the establishment and management of critical habitats to catch up with its target for the rest of the year. Out of the annual target of two (2) established and six (6) managed critical habitats, no critical habitat was established and only one (1) has been managed for the first half of 2021.
- 88. Meanwhile, the MGB has acted upon 2,331 mining applications⁸⁰ and monitored 719 mining permits/contracts, which are 36 percent and 13 percent higher than its targets for the first semester, respectively.** The agency also surpassed its first semester targets in the number of capacitated LGUs on geological risk reduction and resiliency. It is also on track in conducting vulnerabilities and risks assessments to cities and municipalities by completing its target of 54 cities/municipalities for the first 6 months of the year.

⁸⁰ Mining applications (including other mining rights-related applications) approved/denied/endorsed within the prescribed period.

Table 24. Physical Performance, DENR-MGB, January to June 2021

Particulars	2021			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
MINERAL RESOURCES ENFORCEMENT REGULATORY PROGRAM				
<i>Output Indicators</i>				
1. Mining applications (including other mining rights related applications) approved/denied/endorsed within the prescribed period	655	1,055	952	1,379
2. Number of mining permits/contracts monitored	299	335	353	366
MINERAL RESOURCES AND GEOSCIENCES DEVELOPMENT PROGRAM				
<i>Output Indicators</i>				
1. Percentage of total Philippine area surveyed for geology and mineral potential	1.10%	2.80%	0.80%	2.60%
2. No. of new mineral reservation areas assessed/endorsed for declaration				
GEOLOGICAL RISK REDUCTION AND RESILIENCY PROGRAM				
<i>Output Indicators</i>				
1. No. of cities and municipalities where vulnerabilities and risk assessments were conducted	22	32	21	33
2. No. of LGUs (cities or municipalities) provided with information, education, and communication campaigns on geohazard	7	27	7	34
3. No. of LGUs assessed for groundwater resources and vulnerabilities	12	18	12	18

89. As of first semester this year, the EMB has already covered 32,347⁸¹ or more than half (60.35 percent) of its full year targeted site/facility or area inspections⁸² in compliance with environmental quality standards and guidelines. It also monitored 9,195 projects based on ECC conditions with compliance reports already submitted, exceeding its mid-year target of 7,886 projects by 16.6 percent.

⁸¹ Includes sites or facilities that were inspected more than once.

⁸² With compliance reports already submitted.

Table 25. Physical Performance, DENR-EMB, January to June 2021

Particulars	2021			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
ENVIRONMENTAL ASSESSMENT AND PROTECTION				
<i>Output Indicators</i>				
1. No. of Project monitored based on ECC conditions with reports submitted	3,447	4,439	3,601	5,594
2. Information, Education and Communication materials developed and disseminated	7,750	13,484	12,997	17,719
3. No. of environmental research studies conducted for policy purposes				
ENVIRONMENTAL REGULATIONS AND POLLUTION CONTROL				
<i>Output Indicators</i>				
1. Percentage of Permits, clearance, and certificates issued within the prescribed timeframe				
2. No. of sites/facilities or area that have been inspected with report submitted ⁸³	12,407	15,680	13,917	19,215
3. Percentage of cases/complaints acted upon within the prescribed timeframe				

⁸³ Some sites/facilities inspected more than once.

Department of Education

Financial Performance

Table 26. Financial Performance, DepEd, January to June 2021
(In billion pesos)

Department	January to June 2020 ^{1/}					January to June 2021 ^{2/}				
	Allotment	Obligation	Disbursements	BUR		Allotment	Obligation	Disbursements	BUR	
				Oblig	Disb				Oblig	Disb
DepEd	504.0	256.7	247.0	50.9%	96.2%	609.5	278.1	263.2	45.6%	94.6%

1/ SAAODB (January 1 to June 30, 2020)
2/ SAAODB (January 1 to June 30, 2021)

90. For the first semester this year, P609.5 billion worth of allotment was released to the DepEd to ensure that providing access to quality formal and non-formal basic education will remain unhampered despite the ongoing COVID-19 pandemic. The amount was broken down as follows: PS - P477.9 billion (78.4 percent); MOOE – P107.6 billion (17.6 percent); and CO – P24.0 billion (3.9 percent). Of the said amount, P19.4 billion represents previous years continuing appropriation.

91. The DepEd obligated P278.1 billion or 45.6 percent of its total allotted budget from January to June 2021, achieving a lower obligation rate compared to the same period in 2021 (50.9 percent). However, in nominal terms, this was still P21.4 billion higher than the P256.7 billion obligated in 2021. The bulk of DepEd's obligation came from its PS requirements amounting to P231.2 billion. Other big-ticket items included the Government Assistance and Subsidies (GAS) – P14.0 billion; Provision for Flexible Learning Options (FLO) – P3.9 billion; Computerization Program – P3.9 billion; Provision for Basic Education Facilities (BEF) [DepEd portion] – P2.3 billion; and School-based Feeding Program (SBFP) with P1.6 billion. By the end of June 2021, P331.4 billion remained unobligated.

92. The Department's low obligation performance was mainly attributed to the implementation of community quarantine restrictions due to the COVID-19 pandemic. Nonetheless, the Department's obligation is expected to speed up as the school year commences in September.

93. On the other hand, an amount of P263.2 billion or 94.6 percent of the agency's total obligated amount was disbursed as of end-June 2021. Although this translated to a 1.6 percentage point lower disbursement rate compared to last year's 96.2 percent, this was still P16.2 billion or 6.5 percent more than the P247.0 billion disbursements in 2020. Nevertheless, despite the challenges brought by the pandemic, the DepEd strives to catch up with the implementation of its programs, activities, and projects and ensure that the delivery of its committed targets will be achieved during the second semester in accordance with its set objectives and plans.

Physical Performance

Table 27. Physical Performance, DepEd, January to June 2021

Particulars	January to June 2021		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
BASIC EDUCATION INPUTS PROGRAM			
<i>Output Indicators</i>			
1. Number of:			
a. new classrooms constructed	1,035	-	0.0%
b. new classrooms ongoing construction	4,139	-	0.0%
c. textbooks and instructional/learning materials procured for printing and delivery	4,279,000	-	0.0%
2. Number of equipment/tools procured for distribution			
a. Science and Math	7,730,038 pieces	-	0.0%
b. Technical and Vocational Livelihood	215,490 pieces	-	0.0%
c. ICT	37,221 packages	-	0.0%
3. Number of newly-created teaching positions filled up	10,000	-	0.0%
INCLUSIVE EDUCATION PROGRAM			
<i>Output Indicators</i>			
1. Number of schools offering the following programs:			
a. ALIVE - public and private	4,418	-	0.0%
b. IPED - public	3,070	-	0.0%
c. SPED - public	17,527	-	0.0%

Particulars	January to June 2021		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
2. Number of public schools provided with learning resources	47,188	-	0.0%
SUPPORT TO SCHOOLS AND LEARNERS PROGRAM			
<i>Output Indicators</i>			
1. Number of learners benefiting from the "School Based Feeding Program"	1,775,349	-	0.0%
2. Number of grantees:			
a. Education Service Contracting (ESC)	1,149,975	-	0.0%
b. Senior High School (SHS) Voucher	1,417,613	-	0.0%
c. Joint Delivery Tech-Voc and Livelihood	89,300	-	0.0%
EDUCATION HUMAN RESOURCE DEVELOPMENT PROGRAM			
<i>Output Indicator</i>			
1. Number of public teachers and teaching-related staff trained	165,389	7,187	4.3%

Source: Budget Accountability Report (as of June 2021)

94. For the second year of basic education delivery through flexible learning options, the DepEd continues its implementation of the Basic Education – Learning Continuity Plan (BE-LCP) which addresses the concerns and challenges on basic education amidst the COVID-19 pandemic.

95. Per the Department's workplan, Classroom Repairs under the BEF and filling-up of newly created teacher items under the New School Personnel Position are scheduled for implementation during the first semester of the year. However, changes in the Programs of Works as a result of the new classroom design affected the implementation of the classroom repairs. On the other hand, since teaching positions were approved only in April 2021, filling up of these newly created teacher items will commence in August this year. Meanwhile, other major programs will be implemented during the third and fourth quarters, or once the school year begins on September 13, 2021.

96. Under the BEF Program, there was a revision in the Program of Works (POWs) based on the standard specification of the new classroom design which resulted in the deferred submission of the list of priority schools for the repair and rehabilitation of classrooms to the DBM. Consequently, the Special Allotment Release Order (SARO) from DBM was released on May 20, 2021. As of June 2021, the Sub-ARO from DepEd

Finance Service had been released to the implementing units/schools division offices, and procurement activities had already started. Furthermore, the DepEd had to reprogram the priority list for the construction of new classrooms given the budgetary changes for the purpose from the FY 2021 National Expenditure Program (NEP) vis-à-vis the FY 2021 GAA.

- 97. Meanwhile, the Department still utilized its FYs 2014-2020 funds to construct 8,938 standard classrooms and 1,063 Technical-Vocational (TechVoc) laboratories; repair 13,278 classrooms; restore 54 Gabaldon classrooms; upgrade and energize 619 sites; and deliver 316,438 school seats.** Moreover, 12,234 classrooms and 1,258 TechVoc laboratories are ongoing construction using its previous years funds.
- 98. On the other hand, the allocation for the procurement of 4,729,000 textbooks and instructional/learning materials for printing and delivery was reprogrammed⁸⁴ due to the volume of activity sheets (AS) procured from FYs 2019-2020.** Hence, there will be no printing of AS in 2021. However, 7,101,198 textbooks and instructional/learning materials were already printed/delivered using its FYs 2017-2020 funds.
- 99. For the DepEd Computerization Program (DCP), the Department has a target of 37,221 ICT packages to be procured for distribution in 2021.** Using its current and prior years' fund, the Department delivered a total of 1,763 ICT packages. Additionally, 36,679 packages are targeted to be delivered by October 2021, while 57,173 ICT packages⁸⁵ are undergoing procurement.
- 100. Likewise, the procurement of 7,730,038 pieces of Learning Tools and Equipment - Science and Mathematics (LTE-SME) and 215,490 pieces of LTE-TechVoc Livelihood (LTE-TVL) are still ongoing.** These are expected to be delivered in the fourth quarter of this year. Meanwhile, 14,799 SME incomplete packages (excluding terminated projects) are ongoing delivery and 5,081 TVL packages were delivered using its FYs 2015-2019 funds.

⁸⁴ Revised targets: procurement of 27,012 accessible format production materials; procurement of 479 production materials for tactile format learning resources; and provision of 214 learning resources for school libraries.

⁸⁵ Initially 110,421 ICT packages but were reduced to 57,173 ICT packages due to component shortages and significant increase in price of raw materials that resulted in cost increase and considerable demand surge without adequate global supply.

- 101. Similarly, as earlier mentioned, the DBM approved the creation of 9,707⁸⁶ teaching positions in April 2021.** The filling up of these newly created positions will commence in August 2021.
- 102. For the period under review, the DepEd trained 7,187 public teachers and teaching-related staff through webinars, representing 4.3 percent of its full year target of 165,389 public teachers and teaching-related staff.** It is noteworthy that most of the trainings were programmed to be done in the third and fourth quarters, coinciding with the schedule of the school year.
- 103. Meanwhile, the Last Mile Schools Program (LMS); Madrasah Education Program (MEP); National Indigenous Peoples Education (IPED) Program; Special Education (SPED) Program; Multigrade Education Program; SBFP; Education Service Contracting (ESC) Program; Senior High School Voucher Program (SHS VP); and Joint Delivery Voucher Program for TVL (JDVP-TVL) Program are programmed to be implemented in the second half of the year, following the opening the new school year in September.**
- 104. As of June 2021, pre-procurement activities required for the LMS and SBFP are ongoing, while the implementing guidelines required to implement the inclusive education programs (i.e., MEP, IPED, SPED, and Multigrade Education Program) were issued.** The programs under GAS (i.e., ESC, SHS VP, JDVP-TVL) are undergoing the billing process required to pay the subsidies in the second semester of SY 2020-2021. Meanwhile, the preparatory activities for grant application is ongoing.

⁸⁶ The decrease in the number of created items from the original proposal of 10,000 items was due to the creation of Special Science Teacher I items which were not included in the proposal.

Commission on Higher Education

Financial Performance

Table 28. Financial Performance, CHED, January to June 2021
(In billion pesos)

Department	January to June 2020 ^{1/}					January to June 2021 ^{2/}				
	Allotment	Obligation	Disbursements	BUR		Allotment	Obligation	Disbursements	BUR	
				Oblig	Disb				Oblig	Disb
CHED	40.7	14.5	6.8	35.6%	46.6%	36.0	4.9	3.7	13.5%	76.6%

1/ SAAODB (January 1 to June 30, 2020)
2/ SAAODB (January 1 to June 30, 2021)

105. The CHED was allotted P36.0 billion for the first semester of 2021. This amount includes P11.0 billion from its continuing appropriation. Compared to 2020, this was P4.7 billion less than the P40.7 billion allotment for the same period last year.

106. Meanwhile, CHED incurred an obligation rate of 13.5 percent which was equivalent to P4.9 billion for the first half of the year. Of this total, P2.4 billion was accounted for by its major programs: UAQTE – P2.0 billion; Students Financial Assistance Programs (StuFAPs) – P0.3 billion; K to 12 Transition Program – P91 million; and the Philippine-California Advanced Research Institute (PCARI) – P9 million. In addition, P2.0 billion was also obligated for the provision of financial and material assistance to SUCs in the development of Smart Campuses through investments in Information and Communications Technology (ICT) infrastructure, acquisition of Learning Management System and appropriate equipment to fully implement flexible learning modalities.

107. The CHED's obligation performance as of end-June 2021 is lower when compared to the P14.5 billion or 35.6 percent obligation rate for the same period last year, and a hefty amount of P31.1 billion has remained unobligated. This was mainly due to the following: (i) request for the release of funds for the UAQTE-Free Higher Education by the CHED was received by the DBM on May 28, 2021, and hence funds were only released on June 7, 2021; (ii) funds released for StuFAPs cover the requirements for both the 2nd semester of Academic Year (AY) 2020-2021 and 1st Semester of AY 2021-2022, which started in January and August 2021, respectively; (iii) ongoing revision of CHED Memorandum Order No. 06 series of 2020 for Full-Time Scholarships for Staff and

Instructor's Knowledge Advancement Program (SIKAP) Grant⁸⁷; and (iv) ongoing revision of the guidelines for CHED-initiated projects under the K to 12 Transition Program - Institutional Development and Innovation Grants for higher education institutions (HEIs), differences in procedural standards for foreign partners, and the addition of a new requirement for project approval to encourage involvement of more SUCs. However, the Commission's obligation of its funds is expected to accelerate by August to September during the enrolment period, as the new school year commences.

- 108. Moreover, P3.7 billion or 76.6 percent of the obligated amount was disbursed in the first six months of 2021, a significant increase from the 46.6 percent disbursement rate but was lower than the P6.8 billion disbursement recorded for the same period in 2020.** This was attributed to the following: (i) failure of the beneficiaries to comply with the required documents for the payment of financial benefits; (ii) failure of participating HEIs to submit liquidation reports for the previously granted financial assistance; and (iii) restrictions brought about by COVID-19 pandemic.
- 109. With the ongoing COVID-19 pandemic affecting the implementation of crucial programs for both students and HEIs, the CHED will undertake the following steps to ensure the utilization of its remaining funds for 2021:** (i) craft an Interim Guidelines on simplifying the documentary requirements in the processing of payment to beneficiaries/HEIs; (ii) strengthen coordination and continuous follow-up for compliance documents from scholars and HEIs; (iii) call for the immediate submission of billing statements and liquidation reports to facilitate payment; (iv) and fast track validation and verification of necessary documents.

⁸⁷ Under the Financial Assistance for Post Graduate.

Physical Performance

Table 29. Physical Performance, CHED, January to June 2021

Particulars	January to June 2021		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
HIGHER EDUCATION DEVELOPMENT PROGRAM			
<i>Output Indicators</i>			
1. Number of scholarships and student grants awarded	44,115	Target is set on the second semester	0.0%
2. Number of faculty members provided with faculty development grants	6,343	Target is set on the second semester	0.0%
3. Number of research, development and innovation project proposals funded	130	134	103.1%

Source: Budget Accountability Report (as of June 2021)

110. For the first six months of 2021, 134 project proposals from SUCs and private HEIs were funded, representing 103.1 percent of the Agency's total year target of 130 project proposals. Likewise, three new projects were approved for implementation during the first semester of the current year under the PCARI Program, namely: (1) Joint Program for Disease Modelling and Developing Novel Therapeutics: Initial Focus on Acute Myocardial Infarction, and Blood Calibration; (2) Sustainable and Renewable Fuel and Electrolysis Cell Energy Device Technology (SURETECH); and (3) CIPHER: Clean and Vertically-Integrated Pure/Applied Hydrogen Energy Research for Next Generation Power Systems. The said projects are awaiting Notice to Proceed in order to be launched. Moreover, 12 PCARI-funded projects are ongoing implementation, while 28 projects are nearing completion/termination.

111. On the other hand, the provision of scholarships and grants to 44,115 students and 6,343 faculty members are scheduled in the second half of the year. To ensure the continuous delivery of quality tertiary education amidst the ongoing COVID-19 pandemic, the CHED will also provide grants to eligible SUCs to establish basic e-library facilities to help them transform into smart campuses, and subsidy to students for internet connectivity.

Department of Health

Financial Performance

Table 30. Financial Performance, DOH, January to June 2021
(In billion pesos)

Department	January to June 2020 ^{1/}					January to June 2021 ^{2/}				
	Allotment	Obligation	Disbursements	BUR		Allotment	Obligation	Disbursements	BUR	
				Oblig	Disb				Oblig	Disb
DOH	157.8	87.0	71.4	55.1%	82.2%	241.4	116.6	70.9	48.3%	60.8%

1/ SAAODB (January 1 to June 30, 2020)
2/ SAAODB (January 1 to June 30, 2021)

112. For the first half of the year, the DOH was provided with a total allotment of P241.4 billion to provide quality health care for all Filipinos, particularly during the COVID-19 health crisis. Compared to the same period last year, this was P83.6 billion or 53.0 percent higher than the allotment of P157.8 billion. In addition, the total obligation amounted to P116.6 billion or 48.3 percent of its total allotment while disbursement rate was 60.8 percent.

113. By implementing agency, the DOH-OSEC incurred almost the full share of the total obligation for the period at P116.4 billion or 99.9 percent, while the National Nutrition Council (NNC) had a share of less than one percent at P144.2 million. On the other hand, the NNC registered the highest disbursement rate at around 69.3 percent followed by the DOH-OSEC at 60.8 percent.

114. Of the total obligation of the DOH-OSEC for the first semester, P54.4 billion or 46.8 percent was accounted for the following programs: a) Health Facilities Enhancement Program – P2.7 billion; b) Human Resources for Health (HRH) Deployment – P7.6 billion; c) Public Health Management – P1.4 billion; d) Family Health, Immunization, Nutrition and Responsible Parenting⁸⁸ – P12.2 billion; e) Operation of DOH Hospitals in Metro Manila – P6.4 billion; f) Operation of DOH Regional Hospitals and Other Health Facilities – P18.4 billion; g) Operation of Dangerous Drug

⁸⁸ The 2021 PAP Family Health, Immunization, Nutrition and Responsible Parenting subsumes the 2020 PAPs namely National Immunization, and Family Health, Nutrition and Responsible Parenting.

Abuse Treatment and Rehabilitation Centers – P0.6 billion; and h) Medical Assistance for Indigent Patients Program – P5.0 billion. In terms of spending, the Operation of DOH Hospitals in Metro Manila had the highest disbursement rate of 87.7 percent, followed by Operation in DOH Regional Hospitals and Other Health Facilities at 87.6 percent, Operations of Dangerous Drug Abuse Treatment and Rehabilitation Centers at 84.3 percent, and HRH Deployment at 82.1 percent. On the other hand, the low disbursements of the Health Facilities Enhancement Program (12.5 percent) and Family Health, Immunization, Nutrition and Responsible Parenting (6.5 percent) were due to delays in the delivery of goods and services because of travel restrictions, and delays in the construction of projects resulting from the implementation of the quarantine restrictions during the pandemic.

115. In terms of COVID-19 expenditures, the DOH-OSEC was provided an allotment of P46.9 billion pursuant to RA No. 11494 or the *Bayanihan to Recover as One Act*, of which P39.9 billion or 85.1 percent was obligated as of end-June 2021 for the efficient implementation of the DOH programs under the said law. This included the emergency hiring of HRH personnel, and provision of Special Risk Allowance (SRA) for health care workers, the provision of continuous COVID-19 laboratory testing services of the DOH, and the procurement of COVID-19 vaccines. In addition, the amount of P66.8 billion under the FY 2021 GAA and Unprogrammed Appropriations was released to the DOH sourced foreign loans from the World Bank⁸⁹, Asian Development Bank⁹⁰, and Asian Infrastructure Investment Bank⁹¹. Out of this amount, P26.3 billion or 39.4 percent was obligated for the procurement of COVID-19 vaccines, medical equipment, motor vehicles, and watercrafts, and the reconstruction and development of hospitals and health centers.

116. To ensure the continued implementation of the DOH programs amidst the threat of COVID-19, the Department has undertaken strategies to strengthen its delivery of quality health services to the Filipinos. These include: a) enhancing LGU capacity to deliver health services that are fully devolved; b) reinforcement of minimum public health standards including updated policies and digital processes; c) enhancement of the country's health system capacity to respond and recover from health emergencies; d) promotion of multi-sectoral and local engagements in the DOH

⁸⁹ World Bank Philippines COVID-19 Emergency Response Project (PCERP).

⁹⁰ ADB Health System Enhancement to Address and Limit (HEAL) COVID-19.

⁹¹ *Ibid.*

programs; and e) mobilization of communities and individuals to promote health.

117. Meanwhile, the Philippine Health Insurance Corporation has been appropriated with P71.35 billion for 2021 for the continued implementation of the National Health Insurance Program. For the first half the year, the PHIC obligated P36.5 billion for the payment of health insurance premiums of 7.3 million senior citizens.

Physical Performance

Table 31. Physical Performance, DOH, January to June 2021

Particulars	January to June 2021		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
HEALTH SYSTEMS STRENGTHENING PROGRAM			
<i>Output Indicators</i>			
1. Percent of partners provided with technical assistance on local health systems development	100%	99.0%	99.0%
2. Percent (& Number) of priority areas supplemented with Human Resource for Health (HRH) from DOH Deployment Program	100%	100.0%	100.0%
PUBLIC HEALTH PROGRAM			
<i>Output Indicators</i>			
1. Percent (& Number) of LGUs and other health partners provided with technical assistance on public health programs	100%	100.0%	100.0%
2. Percentage of received health commodities from the Central Office distributed to health facilities based on the allocation list	80%	78.0%	97.5%
EPIDEMIOLOGY AND SURVEILLANCE PROGRAM			
<i>Output Indicators</i>			
1. Percent (& Number) of outbreak/ epidemiologic investigations conducted	75.0%	100.0%	133.3%
HEALTH EMERGENCY MANAGEMENT PROGRAM			
<i>Output Indicators</i>			
1. Percent (& Number) of LGUs provided with technical assistance on the development or updating of Disaster Risk Reduction Management for Health (DRRM-H)	100%	58%	58.0%

Particulars	January to June 2021		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
HEALTH FACILITIES OPERATION PROGRAM			
<i>Output Indicators</i>			
1. Number of policies, manuals, and plans developed on health facility development	10	13	130.0%
2. Number of blood units collected by Blood Service Facilities	83,546	37,634	45.0%
3. Number of in-patient and out-patient drug abuse cases managed	24,257	62,062	255.9%
SOCIAL HEALTH PROTECTION PROGRAM			
<i>Output Indicator</i>			
1. Number of patients provided with medical assistance	1,800,000	547,675	30.4%

Source: Budget Accountability Report (as of June 2021)

118. Under the Health Systems Strengthening Program, the DOH provided 1,742 out of its targeted 1,765 partners with technical assistance on local health systems development which translates to a 99.0 percent accomplishment rate for the first half of 2021. In addition, a total of 1,522 identified priority areas were supplemented with HRH from the DOH Deployment Program, translating this to an accomplishment rate of 100.0 percent.

119. For the Public Health Program, 1,803 LGUs and other health partners (100.0 percent of its target for the semester) were provided with technical assistance on public health programs. On the other hand, 78.0 percent of health facilities received health commodities from the Central Office which were distributed based on the DOH's allocation list. This reflected a 2.0-percentage point shortfall of providing at least 80.0 percent of health commodities to health facilities every quarter.

120. The DOH surpassed its 75.0 percent target, allowing the Department to conduct all of its targeted outbreak/epidemiologic investigations under the Epidemiology and Surveillance Program. Moreover, 589 (or 58 percent) of its 1,007 targeted LGUs for the year were provided with technical assistance on the development or updating of Disaster Risk Reduction Management-Health (DRRM-H) as of the first semester this year.

121. For the Health Facilities Operation Program, 13 policies, manuals, and plans were developed on health facility development. This was a 30.0 percent increase from its full year target of 10 policies, manuals and plans. Furthermore, 45.0 percent or 37,634 out of the targeted 83,546 blood units were collected by Blood Service Facilities by end-June while the number of inpatient and outpatient drug abuse cases managed reached an accomplishment rate of 255.9 percent or 62,062 cases out of the targeted 24,257 cases. Finally, the DOH provided assistance to 547,675 patients during the first semester out of its 1,800,000 full year target, translating to an accomplishment rate of 30.4 percent.

122. For its part, the PHIC provided health insurance coverage under the NHIP to 100.0 percent or 7.3 million senior citizens for the first half of 2021.

Department of the Interior and Local Government

Financial Performance

Table 32. Financial Performance, DILG, January to June 2021
(In billion pesos)

Department	January to June 2020 ^{1/}					January to June 2021 ^{2/}				
	Allotment	Obligation	Disbursements	BUR		Allotment	Obligation	Disbursements	BUR	
				Oblig	Disb				Oblig	Disb
DILG	252.2	144.6	135.8	57.3%	93.9%	257.9	139.9	132.4	54.2%	94.7%

1/ SAAODB (January 1 to June 30, 2020)
2/ SAAODB (January 1 to June 30, 2021)

123. Out of the DILG's P257.9 billion allotment for FY 2021, P139.9 billion or 54.2 percent was obligated as of the first semester of the year. This was 3.1 percentage points lower than last year's obligation rate of 57.3 percent for the same period. This may be attributed to the delays in the acquisition of capability equipment under the Capability Enhancement Program of the PNP, construction projects and procurement of firetrucks and other rescue equipment of the BFP, and implementation of ICT Programs of the BJMP. Nonetheless, some of these projects are to be implemented in the second semester of this year.

124. Of the Department's total obligations, the PNP took the largest share amounting to P112.5 billion or 80.4 percent. Next to the PNP, the BFP accounted for P12.8 billion or 9.2 percent. Finally, the BJMP and DILG-OSEC accounted for P8.9 billion (6.3 percent) and P4.4 billion (3.2 percent), respectively, of the total obligations.

125. The DILG-OSEC's total available allotments as of June 30, 2021 amounted to P2.4 billion. This is composed of P1.9 billion under the Bayanihan II and P500.0 million FY 2021 Congress-Initiated Changes/Adjustments for the hiring of around 15,000 contact tracers. Of said amount, P1.5 billion or 64.0% has already been obligated.

126. For the first semester of FY 2021, the PNP was able to conduct 16,132,409 foot and mobile patrol operations while responding to 235,471 calls for police assistance. However, the difference of 2,553 calls (1.1 percent) of the 238,004 totals calls were determined to be prank calls. These efforts contributed to a 2.7 percent reduction in the average National Index Crime Rate (NICR).

Physical Performance

Table 33. Physical Performance, PNP, January to June 2021

Particulars	January to June 2021		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
CRIME PREVENTION AND SUPPRESSION PROGRAM			
<i>Output Indicators</i>			
1. Number of foot and mobile patrol operations conducted	5% increase (15,976,617)	16,132,409	100.98%
2. Percentage change in National Index Crime Rate (NICR)	5% reduction	2.7%	53.2%
3. Percentage of crime incidents responded within 15 minutes (in urban areas)	100%	98.9%	98.9%
		(235,471)	
CRIME INVESTIGATION PROGRAM			
<i>Output Indicators</i>			
1. Number of crime investigations undertaken	522,301	191,748	36.7%
2. Percentage of most wanted persons/high value targets arrested	5% increase	82.6%	82.6%
		(8,547)	

Particulars	January to June 2021		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
3. Percentage of arrested persons within 30 days upon the receipt of the Warrant of Arrest	5% monthly arrest (27,135)	49.64% (27,135)	66.1%

Source: Budget Accountability Report (as of June 2021)

127. In addition, the PNP had undertaken 191,748 crime investigations, which were instrumental in the arrest of 8,547 most wanted persons and highly value targets. Furthermore, 27,135 arrests were made within 30 days upon the receipt of the warrant of arrest.

128. As of June 30, 2021, 99.9 percent of all Persons Deprived of Liberties (PDLs) were safely incarcerated, while 29,582 PDLs were released within 24 hours of their release date. Moreover, 91.9 percent of PDLs benefitted from the BJMP's various welfare and development services. This translates to a 114.9 percent accomplishment rate.

Table 34. Physical Performance, BJMP, January to June 2021

Particulars	January to June 2021		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
INMATES' SAFEKEEPING AND DEVELOPMENT PROGRAM			
<i>Output Indicators</i>			
1. Improved safekeeping efficiency	99.98%	99.99%	100.01%
2. Percentage of inmates released within 24 hours of their release date	100%	100% (29,852 PDL)	100.0%
3. Percentage of inmates provided with welfare and development services	80%	Average of 91.9%	114.9%

Source: Budget Accountability Report (as of June 2021)

Table 35. Physical Performance, BFP, January to June 2021

Particulars	January to June 2021		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
FIRE PREVENTION MANAGEMENT PROGRAM			
<i>Output Indicators</i>			
1. Percentage of registered business establishments inspected against the total number of registered business establishments nationwide	100.0% (out of 1,986,500) establishments nationwide)	101.5%	101.5%
2. Percentage of Fire Safety Inspection Certificate (FSIC)-rated buildings and structures that has not been the cause of fire incident (origin of fire) against the total number of FSIC-rated buildings and establishments nationwide	99.85%	99.97%	100.1%
3. Percentage of buildings and establishments inspected within the prescribed time frame i.e. 3 ½ days from the receipt of Inspection Order (IO) of the Fire Safety Inspector (FSI) against the total number of buildings/establishments inspected nationwide	85.0%	98.58%	115.98%
FIRE AND EMERGENCY MANAGEMENT PROGRAM			
<i>Output Indicators</i>			
1. Percentage of resolved cases with cause and origin determined within the prescribed time	85.0%	105.7%	124.4%
2. Percentage of suspected arson cases filed in court against total number of intentional fire incidents investigated	25.0%	65.53%	262.1%
3. Percentage of households in disaster/calamity-affected barangays rendered with assistance	15.0%	100%	666.7%

Source: Budget Accountability Report (as of June 2021)

129. The BFP exceeded all of its output indicators for the first half of the year. The Bureau inspected 101.5 percent of registered business establishments nationwide. Out of the total number of buildings/establishments with issued Fire Safety Inspection Certificate (FSIC), 99.97 percent had not been a cause of fire. Moreover, the BFP

inspected 98.58 percent of buildings and establishments within three and a half (3 and $\frac{1}{2}$) days from the receipt of the Inspection Order. Furthermore, 105.7 percent of resolved cases with cause and origin were determined within the prescribed time, 65.53 percent of suspected arson cases were filed in court, and 100.0 percent of households in disaster/calamity-affected barangays were rendered with assistance.

Table 36. Physical Performance, DILG-OSEC, January to June 2021

Particulars	January to June 2021		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
LOCAL GOVERNMENT EMPOWERMENT PROGRAM			
<i>Output Indicators</i>			
1. Number of LGUs provided with pertinent capacity-building/TA services on various governance areas	1,592 PCMs	1,564 PCMs	98.2%
LOCAL GOVERNMENT PERFORMANCE OVERSIGHT AND RECOGNITION AND INCENTIVES PROGRAM			
<i>Output Indicators</i>			
1. Number of LGUs provided with recognition/incentives in accordance to set timelines	All SGLG/ PCF qualifiers	N/A	N/A
2. Number of LGUs assessed on good local governance	1,653 PCMs	N/A	N/A

Source: Budget Accountability Report (as of June 2021)

130. During the first semester of FY 2021, the DILG-OSEC provided assistance on accountable, transparent, participative, and effective local governance to 1,564 provinces, cities, and municipalities (PCMs).

The DILG-OSEC posted a 98.2 percent accomplishment rate in this area, higher than its accomplishment rate of 92.5 percent for the same period last year. On the other hand, conduct of Seal of Good Local Governance (SGLG) assessment and awarding were suspended due to the ongoing COVID-19 pandemic in the country, as said program involves the gathering of people, such as meetings, workshops, seminars, and other related events, which have been discouraged in order to prevent the spread of COVID-19. However, the agency will pilot test an enhanced tool, which shall be conducted in the second semester.

Department of Labor and Employment

Financial Performance

Table 37. Financial Performance, DOLE, January to June 2021
(In billion pesos)

Department	January to June 2020 ^{1/}					January to June 2021 ^{2/}				
	Allotment	Obligation	Disbursements	BUR		Allotment	Obligation	Disbursements	BUR	
				Oblig	Disb				Oblig	Disb
DOLE	26.2	11.2	10.6	42.8%	94.1%	47.5	23.7	20.5	50.0%	86.5%

1/ SAAODB (January 1 to June 30, 2020)
2/ SAAODB (January 1 to June 30, 2021)

131. For the first semester of 2021, the DOLE obligated a budget of P23.7 billion or 50.0 percent of its total allotment for the first semester of 2021. Of the said amount, P20.5 billion or 86.5 percent has been disbursed by the Department.

132. The Emergency Repatriation Program under the DOLE-Overseas Workers Welfare Administration (OWWA) and Livelihood Emergency Employment Program under the DOLE- OSEC incurred the bulk of the obligation at P10.4 billion and P6.7 billion, respectively. The Emergency Repatriation Program under the DOLE-OWWA obligated P10.4 billion (or 91.0 percent obligation rate) out of its P11.4 billion allotment⁹². Out of the obligated budget, P9.3 billion has been disbursed for the program, recording a disbursement rate of 89.7 percent. On the other hand, the Livelihood Emergency Employment Program of the DOLE-OSEC obligated P6.7 billion⁹³ (or 32.2 percent obligation rate) for the following programs: (1) TUPAD Program – P5.4 billion; (2) GIP – P795 million; (3) DOLE Integrated Livelihood Program (DILP) – P393 million; and (4) Adjustment Measures Program (AMP) – P156 million. Of the obligated budget for the program, P5.2 billion has been disbursed. The aforementioned programs are among the DOLE's major programs that assist, serve, and support displaced local workers and OFWs affected by the COVID-19 pandemic.

⁹² Inclusive of the supplemental budget for the program amounting to P5.2 billion.

⁹³ Inclusive of the current and continuing appropriations.

133. Of the DOLE's total P15.9 billion obligations under the *Bayanihan II*, P3.6 billion was obligated in the first semester of 2021 to continue assisting displaced workers affected by the COVID-19 pandemic. The bulk of the said obligations pertain to the COVID-19 Adjustment Measures Program (CAMP) in the tourism sector and DOLE *Abot-Kamay ang Pagtulong* obligated at P2.1 billion, and P827 million, respectively.

Physical Performance

Table 38. Physical Performance, DOLE, January to June 2021

Particulars	January to June 2021		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
EMPLOYMENT FACILITATION PROGRAM			
<i>Output Indicators</i>			
1. Number of youth-beneficiaries assisted	75,142	46,012	61.2%
2. Number of qualified jobseekers referred for placement	1,500,000	1,035,014	69.0%
3. Number of individuals reached through Labor Market Information (LMI)	2,285,401	2,222,391	97.2%
EMPLOYMENT PRESERVATION AND REGULATION PROGRAM			
<i>Output Indicators</i>			
1. Number of establishments assessed (LLCS)*	32,000	63,942	199.8%
2. Number of beneficiaries/workers served	245,858	336,248	136.8%
3. Disposition rate of cases handled, including requests for assistance	100%	72%	72.0%
WORKERS PROTECTION AND WELFARE PROGRAM			
<i>Output Indicators</i>			
1. Number of beneficiaries provided with livelihood assistance	23,007	32,444	141.0%
2. Number of beneficiaries served**	3,201,672	2,035,823	63.6%
3. Percentage of individuals provided services within the prescribed process cycle time (PCT)	100%	100%	100.0%

*Includes DOLE-DTI Joint Monitoring Activities

**includes *Bayanihan II* data

Source: Budget Accountability Report (as of June 2021)

134. The DOLE has achieved more than 50 percent of all the annual physical targets under the Employment Facilitation Program. The DOLE-OSEC assisted 46,012 youth beneficiaries, and referred 1,035,014 qualified jobseekers for placement through network of Public Employment Service

Offices (PESOs) – translating to accomplishment rates of 61.0 percent and 69.0 percent, respectively. Further, the Department reached out to 2,222,391 students, jobseekers, employers, and program partners through the Labor Market Information (LMI), an accomplishment of 97.2 percent.

135. Most of the full year physical targets under the Employment Preservation and Regulation Program have been met by the DOLE during the first semester of 2021. The Department assessed and inspected 63,942 establishments⁹⁴ under the Labor Inspection Program in accordance to General Labor Standards and Occupational Safety and Health Standards – exceeding its annual target 32,000 establishments (or 199.8 percent accomplishment). Meanwhile, the DOLE already served 336,248 beneficiaries through labor and employment education services (LEES) and workers organizations development program (WODP), translating to a 136.8 percent accomplishment. The Department accomplished 72.0 percent disposition rate of cases, which includes requests for assistance, for the first semester of 2021. This is an improvement from the first quarter of 2021's accomplishment of 44.0 percent.

136. The DOLE also met most of its annual physical targets under the Workers Protection and Welfare Program during the first semester of 2021. The Department provided livelihood assistance to 32,444 beneficiaries while engaging in livelihood undertakings/enterprises, or enhancing their existing sources of income or livelihood – an accomplishment of 141.0 percent for the period covered. Meanwhile, the DOLE attained its commitment to assist 100.0 percent of individuals within the prescribed Process Cycle Time (PCT). Likewise, the Department served 2,035,823 beneficiaries⁹⁵ through various programs such as the TUPAD Program, GIP, AMP, Child Labor Prevention and Elimination Program (CLPEP), On-Site Services for OFWs, and Family Welfare Program (FWP) – translating to 63.6 percent performance on said commitment, which also includes *Bayanihan II* data.

⁹⁴ Includes DOLE-DTI Joint Monitoring Activities.

⁹⁵ Includes *Bayanihan II* data.

Department of National Defense

Financial Performance

Table 39. Financial Performance, DND, January to June 2021
(In billion pesos)

Department	January to June 2020 ^{1/}					January to June 2021 ^{2/}				
	Allotment	Obligation	Disbursements	BUR		Allotment	Obligation	Disbursements	BUR	
DND	212.2	118.6	69.1	Oblig	Disb	267.0	152.0	112.1	Oblig	Disb
1/ SAAODB (January 1 to June 30, 2020)										
2/ SAAODB (January 1 to June 30, 2021)										

137. As of the first semester of 2021, the DND was allotted with an amount of P267.0 billion and subsequently obligated 56.9 percent or P152.0 billion. Of the Department's total obligation, PS accounted for 66.1 percent, amounting to P100.4 billion.

138. The Philippine Army (PA) was supported with budgetary outlays of P100.1 billion or 37.5 percent of DND's total allotment, out of which P50.8 billion or 50.7 percent was obligated. Substantial amounts were also released to the General Headquarters (GHQ) in the amount of P84.5 billion, the Philippine Navy (PN) in the amount of P32.7 billion, and the Philippine Air Force (PAF) in the amount of P30.8 billion. In terms of obligations, these four agencies account for P139.0 billion or 91.5 percent of the Department's total obligations for the first half of the year.

Physical Performance

139. As of the second quarter of the year, the PA was able to maintain 220 tactical battalions with 82.0 percent operational readiness. It has mobilized an average of 90.0 percent of effective strength of tactical battalions within one (1) hour as dictated by higher authorities during the first half of the year. It has also organized 84 ready reserve battalions with 41.0 percent operational readiness.

Table 40. Physical Performance, PA, January to June 2021

Particulars	January to June 2021		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
LAND FORCES DEFENSE PROGRAM			
<i>Output Indicators</i>			
1. Number of tactical and ready reserve units			
a. Tactical Battalions	240	220	91.7%
b. Ready Reserve Battalions	86	84	97.7%
2. Percentage of operational readiness of tactical and ready reserve units			
a. Tactical Battalions	83%	82%	98.8%
b. Ready Reserve Battalions	68%	41%	60.3%
3. Average percentage of effective strength of tactical battalions that can be mobilized within one hour as directed by higher authorities	90%	90%	100.0%

Source: Budget Accountability Report (as of June 2021)

140. The PAF, on the other hand, maintained 170 supportable aircraft and accomplished 98.0 percent of one-hour response to flight-directed missions. The sudden increase in number of supportable aircraft was due to the delivery of various aircraft in FY 2021. However, only 40.0 percent of flying hours were flown due to the grounding of Utility Helicopters and flight restrictions attributed to the challenges brought by the COVID-19 crisis.

Table 41. Physical Performance, PAF, January to June 2021

Particulars	January to June 2021		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
AIR FORCES DEFENSE PROGRAM			
<i>Output Indicators</i>			
1. Number of supportable aircraft maintained	173	170	98.27%
2. Percentage of accomplishment of one-hour response to flight-directed mission	90%	98%	108.9%
3. Percentage of flying hours flown	100%	40%	40.0%

Source: Budget Accountability Report (as of June 2021)

141. As of end-June 2021, the PN deployed and sustained 128 PN units for utilization/employment, surpassing its full year target of 109 by 17.4 percent. Also, 137 of force-level support services units were sustained, posting a 100.0 percent accomplishment. Though only 7 PN units were prepared for deployment out of its target of 34, it must be noted that the compliance rating on this output indicator is based on its repair program. All of its repair activities programmed for the first semester were already completed by the PN, except for the repair of one naval asset which is still on-going and expected to be completed by the fourth quarter of this year. Moreover, the target for this indicator is annualized.

Table 42. Physical Performance, PN, January to June 2021

Particulars	January to June 2021		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
NAVAL FORCES DEFENSE PROGRAM			
<i>Output Indicators</i>			
1. Number of PN units deployed and sustained for utilization/employment	109	128	117.4%
2. Number of PN units prepared for deployment	34	7	20.6%
3. Number of Force-Level Support Services Units sustained	137	137	100.0%

Source: Budget Accountability Report (as of June 2021)

Department of Public Works and Highways

Financial Performance

Table 43. Financial Performance, DPWH, January to June 2021
(In billion pesos)

Department	January to June 2020 ^{1/}					January to June 2021 ^{2/}				
	Allotment	Obligation	Disbursements	BUR		Allotment	Obligation	Disbursements	BUR	
				Oblig	Disb				Oblig	Disb
DPWH	346.0	234.4	88.7	67.7%	37.8%	592.7	444.5	162.9	75.0%	36.6%

1/ 2020 SAAODB, as of June 30, 2020
2/ 2021 SAAODB, as of June 30, 2021

142. As of June 30, 2021, the DPWH received a total allotment of P592.7 billion, 71.3 percent higher compared to the same period last year. This may be attributed to the adjustments in the FY 2020 allotments pursuant to Bayanihan I⁹⁶, wherein some P145.2 billion unreleased/unobligated DPWH funds were reallocated/realigned for COVID-19 response.

143. Of its total allotment releases, 75.0 percent was obligated equivalent to P444.5 billion, almost double the P234.4 billion obligation during the first half of 2020. In terms of disbursement vis-à-vis obligation performance, the department disbursed an amount of P162.9 billion or 36.6 percent of its obligated budget, slightly lower when compared to the obligation rate in the previous year. However, it is still P74.2 billion (or 83.7 percent) more than the FY 2020 first semester disbursement of P88.7 billion.

Physical Performance*

* As of date, the DPWH has yet to submit the required physical accomplishment reports for the period.

⁹⁶ RA No. 11469 entitled “Bayanihan to Heal as One Act”, otherwise known as *Bayanihan I*.

Department of Social Welfare and Development

Financial Performance

Table 44. Financial Performance, DSWD, January to June 2021
(In billion pesos)

Department	January to June 2020 ^{1/}						January to June 2021 ^{2/}					
	Allotment	Obligation	Disbursements	BUR		Allotment	Obligation	Disbursements	BUR		Oblig	Disb
				Oblig	Disb				Oblig	Disb		
DSWD	367.8	169.1	131.9	46.0%	78.0%	210.7	80.4	54.3	38.2%	67.6%		

1/ SAAODB (January 1 to June 30, 2020)
2/ SAAODB (January 1 to June 30, 2021)

144. For the first semester of 2021, the DSWD was allotted with a substantial amount of P210.7 billion, including P30.3 billion continuing appropriation from previous years, to sustain its programs and projects for the poor, vulnerable, and disadvantaged Filipinos amidst the ongoing COVID-19 pandemic. Compared to first semester 2020, however, this was P157.1 billion or 42.7 percent less than the total allotment of P367.8 billion. The decline was largely attributed to the provision of emergency subsidies under the SAP to Filipinos affected by the imposition of ECQ in the country last year.

145. By the end of June 2021, the DSWD obligated P80.4 billion or 38.2 percent of its total allotment. Out of its total obligations, P76.7 billion or 95.4 percent was accounted for by the following programs: (i) 4Ps – P46.4 billion; (ii) Social Pension for Indigent Senior Citizens (SocPen) – P10.8 billion; (iii) Protective Services for Individuals and Families in Difficult Circumstances (including the SAP) – P10.7 billion; (iv) SLP – P3.2 billion; (v) Supplementary Feeding Program (SFP) – P1.7 billion; (vi) QRF – P1.1 billion; (vii) Disaster Response and Rehabilitation Program – P1.1 billion; (viii) Services for Residential and Center-Based Clients – P1.1 billion; (ix) *Balik Probinsya, Bagong Pag-asaya Program*⁹⁷ (BP2) – P0.3 billion; (x) Implementation of the Centenarians Act of 2016 – P0.1 billion; (xi) *Kapit-Bisig Laban sa Kahirapan - Comprehensive and Integrated Delivery of Social Services - National Community-Driven Development Program* (KALAHII CIDSS-NCDDP) – P80 million; and (xii) Unconditional Cash Transfer (UCT) – P76 million (administrative cost).

⁹⁷ Under KALAHII-CIDDS *Kapangyarihan at Kaunlaran sa Barangay* (KKB).

This showed a huge decline both in relative and absolute terms from its obligated amount of P169.1 billion and obligation rate of 46.0 percent recorded for the same period in 2020. Likewise, this left an unobligated allotment of P130.3 billion, more than half of its total allotment by end-June 2021.

The low obligation performance of the Department was mainly attributed to the: (i) delayed implementation of the SFP due to the ongoing finalization of the Memorandum of Agreement of DSWD with the LGUs; (ii) start of SFP implementation by second semester, in sync with the start of the classes for the day care centers; (iii) social preparation stage status of the KC-NCDDP; and (iv) delay in the send-off of families under the BP2, which is dependent on the scheduling of the NHA as the lead agency in the actual transfer arrangements of the approved beneficiaries, due to the LGU's non-acceptance of returning families given the pandemic situation.

146. Of the total obligated amount, the DSWD only disbursed 67.6 percent or P54.3 billion, lower than the 78.0 percent or P131.9 billion disbursed in the first semester of 2020. This was accounted by the following: (i) ongoing procurement of the different programs of the DSWD; and (ii) most of the programs are still in the social preparation stages in the first semester and will be implemented and disbursed in the second semester of FY 2021.

Physical Performance

Table 45. Physical Performance, DSWD, January to June 2021

Particulars	January to June 2021		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
PROMOTIVE SOCIAL WELFARE PROGRAM			
<i>Output Indicators</i>			
1. Number of Pantawid households provided with conditional cash grants	4,400,000	4,349,433	98.9%
2. Number of poor households assisted through the Sustainable Livelihood Program	122,489	19,410	15.8%
3. Number of households that benefited from completed KC-NCDDP sub-projects*	927,500	Still in the preparation stages	0.0%
PROTECTIVE SOCIAL WELFARE PROGRAM			

Particulars	January to June 2021		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
SUPPLEMENTARY FEEDING PROGRAM SUB-PROGRAM			
<i>Output Indicators</i>			
1. Number of children in CDCs and SNPs provided with supplementary feeding	1,936,868	Still in the social preparation stage	0.0%
2. Number of children/lactating mothers served through Bangsamoro Umpungan sa Nutrisyon (BangUN) Program	15,000 children; 7,000 pregnant and lactating mothers	4,160 children; 840 pregnant/ lactating women	27.7% 12.0%
SOCIAL WELFARE FOR SENIOR CITIZENS SUB-PROGRAM			
<i>Output Indicators</i>			
1. Number of senior citizens who received social pension within the quarter	3,789,874	2,635,656	69.5%
2. Number of centenarians provided with cash gift	1,319	924	70.1%
PROTECTIVE PROGRAM FOR INDIVIDUALS AND FAMILIES IN ESPECIALLY DIFFICULT CIRCUMSTANCES SUB-PROGRAM			
<i>Output Indicators</i>			
1. Number of children served through Alternative Family Care Program	1,693	1,661	98.1%
2. Number of beneficiaries served through Protective Services Program	1,778,073	1,178,611	66.3%
3. Number of clients served through the Comprehensive Program for Street Children, Street Families and Badjaus:			
a. Street Children at Risk	3,800	1,189	31.3%
b. Street Families	1,700	792	46.6%
SOCIAL WELFARE FOR DISTRESSED OVERSEAS FILIPINOS AND TRAFFICKED PERSONS SUB-PROGRAM			
<i>Output Indicators</i>			
1. Number of trafficked persons provided with social welfare services	2,000	1,274	63.7%
2. Number of distressed and undocumented overseas Filipinos provided with social welfare services	29,253	12,587	43.0%
DISASTER RESPONSE AND MANAGEMENT PROGRAM			
<i>Output Indicators</i>			
1. Number of LGUs with prepositioned goods	100% (16 Field Offices) prepositioning agreement	100% of FOs with prepositioned goods	100.0%
2. Number of internally-displaced households provided with disaster response services	As the need arises	132,157	100.0%

Particulars	January to June 2021		
	Full Year Target (GAA)	Actual Accomplishment	Accomplishment Rate
3. Number of households with damaged houses provided with early recovery services	As the need arises	146,232	100.0%

*adjusted target

Source: Budget Accountability Report (as of June 2021)

147. During the same period, the DSWD provided educational and health allowances to 4,349,433 households who complied with the 4Ps conditionalities. This was 98.9 percent of its total year target of 4,400,000 household beneficiaries. The remaining 50,567 households account for households who are non-compliant to the program conditionalities due to the following: (i) children's lack of interest in school; (ii) cutting classes; (iii) beneficiaries are registered in other facilities; (iv) parents did not follow the scheduled check-up set by the Doctor/Midwife; (v) no one accompanies the child to visit the health center; and (vi) beneficiaries are not in the area during scheduled check-up.

148. Meanwhile, the SLP only served 15.8 percent or 19,410 households out of its targeted 122,489 households. The validation and assessment of potential Livelihood Assistance Grants (LAG) beneficiaries, as well as the pre-implementation and social preparation stages for the regular SLP, were done during the first semester. The disbursement of grants and actual project implementation will happen in the second semester of this year.

149. Likewise, KC-NCDDP sub-projects are still in the preparation stage during the first semester of 2021. The program was rescheduled for implementation in the second semester since the SARO and Notice of Cash Allocation (NCA) for the Additional Financing for KC-NCDDP amounting to P3.4 billion were only released in June due to the late submission of documentary requirements by the DSWD. Meanwhile, 58 households benefitted from KC-KKB/BP2. This compares to its 10,000 target household beneficiaries who will be provided transportation/relocation assistance, transitory family support package, and livelihood settlement grants for the year. The provision of family grants was affected by the (i) delay in the send-off of families⁹⁸ due to the LGU's non-acceptance of returning families given the pandemic situation;

⁹⁸ Based on the scheduling of the NHA in the actual transfer arrangements of the approved beneficiaries and the provision of benefits and assistance packages of transferees.

(ii) waiving of application of some beneficiaries due to employment in Metro Manila; and (iii) non-compliance of some beneficiaries with the minimum health requirements set by the DOH and LGUs.

- 150. Moreover, social preparation activities were done in the first semester for the 11th cycle implementation of the SFP, and provision of hot meals to the targeted 1,936,868 daycare/school children enrolled in LGU-managed Child Development Centers (CDC) and Supervised Neighborhood Play (SNP) will commence in the second semester of the year as classes start.** Meanwhile, 1,786,747 daycare/school children or 92.2 percent of the DSWD's FY 2020 target of 1,936,868 daycare/school children were provided hot meals under the 10th cycle implementation.
- 151. Further, another 4,160 malnourished children studying in madrasahs or Muslim schools in the ARMM representing 27.7 percent of its full year 15,000 target beneficiaries, and 840 lactating and pregnant mothers in the Region representing 12.0 percent of its 7,000 annual target were served hot meals through the Bangsamoro *Umpungan sa Nutrisyon* (BangUN) Program.** This low accomplishment was attributed to the non-obligation of the subsidies for Field Office (FO) XII as of June 30, 2021 due to the longer processing of documents in view of the disqualification of the first bidder.
- 152. Similarly, a total of 2,635,656 indigent senior citizens out of its 3,789,874 target beneficiaries for the year received a social pension of P500 per month in the first semester of 2021.** The challenges encountered during the implementation of this program included the following: (i) unclaimed grants because of the limited mobility and health condition of the beneficiaries, availability of transportation, and geographical condition; (ii) senior citizens not yet validated due to aforementioned reasons; (iii) cancellation of payouts due to disasters/calamities and the COVID-19 pandemic; and (iv) delays in the payout of grants considering the simultaneous distribution of SAP and SocPen. On the other hand, 924 centenarians⁹⁹ or 70.1 percent of its 1,319 target centenarians were provided with cash gift pursuant to the law.
- 153. With the implementation of an ECQ in various areas of the country this year, the DSWD was again tasked to distribute cash subsidies to affected individuals** in Region VI (Iloilo Province and Iloilo City) and Region X (Cagayan de Oro and Gingoog City) in the form of special AICS.

⁹⁹ A person who has reached the age of 100 years.

154. Additionally, 1,661 children, including children placed under foster care provided with subsidy, were served through the Alternative Family Care Program. This was 98.1 percent of its total year target of 1,693 children. Likewise, 66.3 percent of the 1,778,073 targeted beneficiaries or 1,178,661 beneficiaries were served under the Protective Services Program for the first semester of 2021. More clients sought assistance through the AICS in the form of medical assistance, burial, transportation, and food and non-food assistance. Another 792 street families and 1,189 street children were catered through the Comprehensive Program for Street Children, Street Families and *Badjaus*. This compares with its total 2021 target of 1,700 street families and 3,800 street children, respectively.

155. Furthermore, 1,274 trafficked persons, and 12,587 distressed¹⁰⁰ and undocumented overseas Filipinos were provided with social welfare services from January to June 2021. The services provided included the provision of basic necessities,¹⁰¹ transportation, medical, financial, psycho-social processing,¹⁰² and return and reintegration services. Compared to the full year targets, 63.7 percent and 43.0 percent accomplishments were recorded by the Department for the period, respectively. The under-accomplishment for the number of distressed and undocumented overseas Filipinos assisted can be explained by the decline in the number of deportees from Malaysia. Meanwhile, the FOs are continuously collaborating with partner agencies to hasten the identification of trafficking in person (TIP) incidence and the conduct of rescue operation despite the challenges brought about by the ongoing pandemic.

156. Finally, under its Disaster Response and Management Program, the DSWD achieved all of its targets for the first semester of 2021. Disaster response services were given to 132,157 households or 100.0 percent of the internally-displaced households, while early recovery services were provided to 146,232 households or 100.0 percent of households with damaged houses. In addition, the Department has prepositioned relief goods (e.g., family food packs and clothing) to 100.0 percent of FOs with

¹⁰⁰ Such as victims of sexual and physical abuse, maltreatment, mistreatment, among others.

¹⁰¹ Temporary shelter, food packs, clothing and toiletries.

¹⁰² Counseling, play therapy for children, emotional healing/value inculcation sessions, critical incident stress debriefing, and pre-marriage/marriage counseling.

prepositioning agreement, to ensure faster delivery of relief supplies to families that will be affected by calamities.

Department of Transportation

Financial Performance

Table 46. Financial Performance, DOTr, January to June 2021
(In billion pesos)

Department	January to June 2020 ^{1/}					January to June 2021 ^{2/}				
	Allotment	Obligation	Disbursements	BUR		Allotment	Obligation	Disbursements	BUR	
				Oblig	Disb				Oblig	Disb
DOTr	85.5	20.3	13.1	23.8%	64.4%	76.5	42.3	14.0	55.3%	33.1%

1/ 2020 SAAODB
2/ 2021 SAAODB

157. The DOTr continued the momentum from its full-year 2020 obligation performance as it more than doubled its obligation rate for mid-year 2021, attaining a 55.3 percent rate versus 23.8 percent for the same period in 2020. Of note are the accomplishments of the OSEC, which received P60.5 billion or 79.1 percent of the total Department budget. The agency is responsible for the large increase in the Department's obligations as it contracted out P33.2 billion or 54.9 percent of its budget – a marked improvement from its obligation rate of 16.4 percent in 2020 wherein only P11.6 billion of its P70.7 billion allotment was utilized. The substantial growth may be attributed to the performance of its projects in the aviation and rail sector which recorded total obligation rates of 83.1 and 58.7 percent, respectively. Significant projects include the North South Commuter Railway (NSCR) system, which has already obligated P16.3 billion or 76.9 percent of its P21.2 billion allotment. A very low disbursement performance was observed during the first half of the year, which is 31.3 percentage points lower year-on-year. Nevertheless, the DOTr has committed to catch-up on its project implementation towards the end of the fiscal year to further improve the Department's disbursement performance.

Physical Performance

Table 47. Physical Performance, DOTr, January to June 2021

Particulars	2021			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
RAIL TRANSPORT PROGRAM				
METRO RAIL TRANSIT (MRT) SUB-PROGRAM				
<i>Output Indicators</i>				
1. Compliance with approved timetable (90% efficiency)	90.00%	90.00%	85.91%	79.27%
2. Compliance with the peak-hour train availability requirements	90.00%	90.00%	99.67%	90.60%
3. Increase in average travel speed (kph)	56	56	24	30.9
RAILWAY CONSTRUCTION, REHABILITATION, AND IMPROVEMENT SUB-PROGRAM				
<i>Output Indicators</i>				
1. % completion of new railway system projects	48%	54%	26.00%	26.00%
2. % completion of expansion of existing railway system projects	4.5%	4.7%	3.80%	3.30%
AVIATION INFRASTRUCTURE PROGRAM¹⁰³				
<i>Output Indicators</i>				
1. % increase in passenger traffic	26.02%	55.55%	2.89%	15.01%
2. % increase in cargo traffic (tons)	29.11%	55.93%	9.96%	31.39%
MOTOR VEHICLE REGULATORY PROGRAM				
<i>Output Indicators</i>				
1. % of motor vehicle registration applications processed within the reglementary period as determined by the Department and reckoned upon the submission of complete documentary requirements	100.00%	100.00%	108.00%	94.00%
2. % of driver's license and permits issued within the reglementary period as determined by the Department and reckoned upon the submission of complete documentary requirements	100.00%	100.00%	61.00%	78.00%

¹⁰³ The targets and accomplishments are cumulative.

Particulars	2021			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
3. No. of apprehension for which a Temporary Operator's Permit is issued and complaints acted upon		679,130	656,580	96.7%
LAND PUBLIC TRANSPORTATION PROGRAM¹⁰⁴				
<i>Output Indicators</i>				
1. % of Certificate of Public Convenience / franchises applicants resolved / decided upon within the reglementary period	24.00%	48.00%	23.00%	48.00%
2. % of holders audited / monitored / penalized for non-compliance with the terms and conditions of the franchise	2.00%	3.00%	5.00%	11.00%
3. No. of policies formulated, developed, implemented, updated, and disseminated	8	16	52	102

Source: DOTr Quarterly Physical Report of Operation - 2021 Accomplishments of Second Quarter

158. Similar to the reported accomplishments in 2020, the Department's Motor Vehicle Regulatory Program kept its implementation schedule on track in terms of processing of motor vehicle registration by reporting a 101 percent average accomplishment. It is noted, however, that the Department still failed to deliver its commitments on the issuance of drivers' license and permits by registering a 69.5 percent average accomplishment vis-a-vis its 100.0 percent target for the semester.

Under the Land and Public Transportation Program¹⁰⁵, the DOTr issued 102 sector policies and processed 48.0 percent of Certificate of Public Convenience (CPC) and franchise applications and 11.0 percent of franchise holders who were audited/monitored/penalized for non-compliance.

159. The Department identified the restrictions of the community quarantines imposed during the COVID-19 pandemic as the main cause of delays in the implementation of its programs and big-ticket infrastructure projects. While it was reported that air passenger and

¹⁰⁴ The targets and accomplishments are cumulative.

¹⁰⁵ *Ibid.*

cargo traffic increased by 15.01 percent¹⁰⁶ and 31.39 percent¹⁰⁷, respectively, the DOTr still failed to meet the targeted 55.55 percent and 55.93 percent increase for the 1st semester due to the continued implementation of the travel restrictions and closure of some airports. The construction, expansion and rehabilitation of all the on-going railway projects were similarly delayed due to restrictions in mobility and limitations of supplies and logistical requirements. While the rail transit systems in Metro Manila continuously provide services despite the imposition of community quarantines, the Metro Rail Transit (MRT) program only managed to exceed its peak hour train availability targets¹⁰⁸ but missed its efficiency and speed targets due to the on-going preventive and track maintenance, and the removal of trains with failures from operations.

Technical Education and Skills Development Authority

Financial Performance

Table 48. Financial Performance, TESDA, January to June 2021
(In billion pesos)

Department	January to June 2020 ^{1/}					January to June 2021 ^{2/}				
	Allotment	Obligation	Disbursements	BUR		Allotment	Obligation	Disbursements	BUR	
				Oblig	Disb				Oblig	Disb
TESDA	8.8	2.1	1.8	23.9%	87.3%	17.2	7.3	5.3	42.6%	72.5%

1/ 2020 SAAODB, as of June 30, 2020
2/ 2021 SAAODB, as of June 30, 2021

160. During the first half of 2021, the TESDA has obligated P7.3 billion of its P17.2 billion allotment releases and of this obligated amount, P5.3 billion has been disbursed. These translate to obligation and disbursement rates of 42.6 percent and 72.5 percent, respectively.

¹⁰⁶ The percent increase in passenger traffic for Q1 2021 was recorded at 2.89 percent while for Q2 at 12.12 percent. The cumulative percent increase in passenger traffic for the first semester 2021 was posted at 15.01 percent.

¹⁰⁷ The percent increase in cargo traffic for Q1 2021 was posted at 9.96 percent while for Q2 at 21.43 percent. These bring the cumulative percent increase in cargo traffic for the first semester 2021 at 31.39 percent.

¹⁰⁸ Based on 20-train requirements.

Relative to the same period in FY 2020, the agency registered a significant improvement in its obligation performance while a slight decline is observed in its disbursement performance.

161. Looking at the nominal terms, the obligations are P5.2 billion (i.e., more than triple) and disbursements are P3.5 billion (i.e., almost triple) higher than the levels for the same period last year. This may be partly attributed to higher allotment releases (i.e., almost double) this year since the Authority offered some funds under its FY 2020 appropriations for COVID-19 response interventions pursuant to Bayanihan I last year.

Physical Performance

Table 49. Physical Performance, TESDA, January to June 2021

Particulars	2021			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
TECHNICAL EDUCATION AND SKILLS DEVELOPMENT POLICY PROGRAM				
<i>Output Indicator</i> 1. No. of National, Regional/Provincial TESD plans formulated/updated				
		1 Semi-Annual Progress Report	Drafting of progress report ongoing	Drafting of Semi-Annual Progress Report Ongoing
TECHNICAL EDUCATION AND SKILLS DEVELOPMENT REGULATORY PROGRAM				
<i>Output Indicators</i> 1. Percentage of registered accredited TVET programs audited				
1. Percentage of registered accredited TVET programs audited		25%	25%	3% 25%
2. Percentage of skilled workers issued with certification within 7 days of their application		90%	90%	77% 79%
3. No. of consultations, orientations and workshops for development of competency standards/training regulations		20	60	47 123
TECHNICAL EDUCATION AND SKILLS DEVELOPMENT PROGRAM				
<i>Output Indicators</i> 1. No. of graduates from technical education and skills development scholarship programs				
1. No. of graduates from technical education and skills development scholarship programs		10,895	10,895	Ongoing preparation of Regional Scholarship Allocation Plans and Regional
				6,327

Particulars	2021			
	Target		Actual Accomplishment	
	1st Quarter	2nd Quarter	1st Quarter	2nd Quarter
Qualification Maps				
2. No. of training institutions/establishments/assessment centers provided with technical assistance	292	2,337	501	2,302
3. No. of TESDA Technology Institutions graduates		59,434	53,124	114,715

Source: TESDA's Quarterly Physical Report of Operation, as of June 30, 2021

162. Of the TESDA's seven (7) targets for the first half of FY 2021, two (2) were fully met (i.e., achieved for both quarters) while two (2) only partially (i.e., achieved only for a single quarter). The actual accomplishments for the conduct of consultations, orientations, and workshops for the development of competency standards/training regulations and the production of TESDA Technology Institution graduates exceeded the targets for both quarters. On the other hand, the Authority was able to audit 3 percent and 25 percent of the registered accredited TVET programs in the first and second quarters, respectively, against the 25 percent target. It was also able to provide 501 Technical Vocational Institutions (TVIs) and Assessment Centers (ACs), almost double the 292 target, with technical assistance in the first quarter. In the following quarter, 98.5 percent of the target 2,337 TVIs and ACs was provided assistance.

163. For TESDA's scholarship programs, the accomplishments this semester lagged behind the target since the preparation of the Regional Scholarship Allocation Plans and Regional Qualification Maps was still ongoing during the first quarter. Despite also failing to achieve the target, the Authority was still able to issue certification to skilled workers within seven (7) days of their application at least 86.6 percent¹⁰⁹ of the time. Meanwhile, under its policy program, the Authority is still in the process of drafting its Semi-Annual Progress Report.

¹⁰⁹ Pertains to average accomplishment rates for Q1 and Q2 2021, derived as actual accomplishment over the target for the pertinent period.

v. Macroeconomic, Growth, and Fiscal Outlook for the Rest of 2021

a. Macroeconomic Outlook

164. The DBCC continuously monitors and assesses the macroeconomic environment in line with the review of the macroeconomic assumptions needed in the formulation of the 2022 National Budget. The foregoing assessment provides the outlook for the rest of 2021.

165. The BSP's latest baseline forecasts (as of 12 August 2021 monetary policy meeting) suggest that the average inflation could settle slightly above the high end of the 2.0 – 4.0 percent assumption for 2021. The risks to the inflation outlook remain broadly balanced over the policy horizon. The uptick in international commodity prices due to improving global demand amid lingering supply-chain bottlenecks could result to upside pressures to inflation. However, downside risks to the inflation outlook are also seen from the spread of more contagious coronavirus variants. In particular, delays in the lifting of containment measures could further dampen prospects for global growth and domestic demand.

166. The DBCC lowered the 364-day T-bill rate assumption to 2.0 – 3.0 percent for 2021 from the original assumption of 3.0 – 4.5 percent. The trend in the 364-day T-bill rate will continue to be influenced by the BSP's policy stance and extraordinary liquidity measures along with the government's fiscal operations. Monetary policy accommodation by the BSP to support domestic demand amid manageable inflation outlook could help keep yields low. Meanwhile, the funding requirements of the NG for the implementation of its social support and recovery programs as well as the prospective monetary policy normalization in the US and other key economies could put some upward pressure on domestic interest rates.

167. The 180-day LIBOR assumption is, likewise, adjusted downward to 0.2

- 1.2 percent for 2021 from 1.0 – 2.0 percent. The 180-day LIBOR assumption reflects the prevailing view that global interest rates are likely to remain low in the near term but could gradually increase over the medium term as the global economy recovery gains ground. The trends in US inflation and economic recovery as well as the timing of eventual policy normalization of the US Federal Reserve would affect the future path of 180-day LIBOR.

168. Given the recent trends in the foreign exchange market, the DBCC lowered the peso-dollar rate assumption from ₱50.00-54.00/US\$1 to

₱48.00-53.00/US\$1 for 2021. Over the near term, the exchange rate is expected to remain reflective of demand and supply conditions in the foreign exchange market and of emerging global developments. The eventual exit of the US Federal Reserve from the zero-lower bound¹¹⁰ and the subsequent rise in foreign interest rates could favor the US dollar over the peso. This, in turn, could pose depreciation pressure on the peso-dollar rate. Nevertheless, the BSP expects the depreciation pressure on the peso to be tempered by structural foreign exchange flows through recovery in exports, overseas Filipino remittances, business process outsourcing (BPO) receipts as well as inflows related to foreign direct investments. Ample gross international reserves could, likewise, provide support on the peso.

169. On global oil prospects, oil prices could remain elevated for the rest of

the year. This outlook is consistent with the latest forecasts from the International Monetary Fund (IMF), US Energy Information Administration (EIA), and Oxford Economics. Based on data from the US EIA, global oil demand could outstrip supply despite the decision¹¹¹ of the members of

¹¹⁰ US Federal Reserve Vice Chair Clarida is of the view that "...commencing policy normalization in 2023 would, under these conditions, be entirely consistent with our new flexible average inflation targeting framework" and noted that the US economy has made progress towards their employment and inflation goals with regard to the pacing of the US Federal Reserve's asset purchase program. Source: Clarida, R. (2020). Outlooks, Outcomes, and Prospects for U.S. Monetary Policy. 4 August 2021. Peterson Institute for International Economics, Washington, D.C. (via webcast)
URL: www.federalreserve.gov/newsevents/speech/clarida20210804a.htm

¹¹¹ In a press statement dated 18 July 2021, OPEC announced the decision to "adjust upward their overall production by 0.4 mb/d on a monthly basis starting August 2021 until phasing out the 5.8 mb/d production adjustment, and in December 2021 assess market developments and Participating Countries' performance." The next OPEC and non-OPEC Ministerial Meeting is scheduled to be held on 1 September 2021.

Organization and Petroleum Exporting Countries (OPEC) and its allies to ease production cuts.¹¹² Thus, the DBCC adjusted upward the per-barrel Dubai crude oil price assumption from US\$35.00 – 50.00 to US\$50.00 – 70.00 for 2021.

- 170. Consistent with expectations of a stronger rebound in global economic activity this year amid vaccine rollouts and additional policy support in key economies, the growth forecast for goods exports is adjusted upward to 10.0 percent for 2021 from the previous projection of 5.0 percent.** Underpinning this revised growth outlook are positive base effects following the pandemic-induced drop last year; the sustained recovery momentum in the country's key trading partners, notably the US, Japan, and China; rising commodity prices; and strong global semiconductor sales. Among major commodities, electronics exports are seen to continue to drive the bounce back in goods exports as the industry catches up to meet renewed global demand, emerging technologies in various industries, and accelerated digitalization. The world semiconductor market is expected to increase by 19.7 percent in 2021, with double-digit growth rates projected across all major regional markets, and in a broad range of product categories. Nonetheless, the Semiconductor and Electronics Industries of the Philippines, Inc. (SEIPI) notes that downside risks remain, which could stem from the global shortage of semiconductor wafers that may affect operations due to increased raw material order lead time, issues encountered with vaccine rollout, and travel restrictions on expats and foreign technical support for new product/technology investments.
- 171. Similar to the expected trend in exports, shipments of imported goods are also seen to pick up by 12.0 percent in 2021, faster than the previous forecast of 8.0 percent, as restrictions subside amid widespread vaccinations and domestic demand bounces back from a steep contraction in 2020.** The higher import growth outlook for 2021 considers the rise in international crude oil prices by at least US\$10 per barrel, improved consumer demand and sustained government policy support.¹¹³

Source: OPEC Press Release. 19th OPEC and non-OPEC Ministerial Meeting concludes. 18 July 2021. Vienna Austria. URL: www.opec.org/opec_web/en/press_room/6512.htm

¹¹² US EIA Short-Term Energy Outlook August 2021, 10 August 2021.

¹¹³ Sustained government policy support could likewise drive demand faster in 2021. The expected resumption of public and private sector construction activities and the legislation of the CREATE Act to cut the corporate income tax rate to 25 percent from 30 percent are expected to pave the way for

172. However, despite these potential growth drivers, downside risks from pandemic-related uncertainties remain. The outlook for goods trade will depend to a large extent on the evolution of the virus and the distribution of effective vaccines. Slower-than-expected vaccine rollout and renewed infection surges, including the emergence of more transmissible new variants, could stall and delay trade recovery.

b. Growth Outlook

173. The IMF¹¹⁴ maintained its 2021 growth projections for the global economy at 6.0 percent, while it raised its 2022 forecast to 4.9 percent from an earlier estimate of 4.4 percent. For 2021, the better outlook for advanced economies was offset by less favorable prospects for emerging and developing economies, especially for emerging Asia. These mainly reflect pandemic developments and changes in policy support across countries. For 2022, the anticipated legislation of additional fiscal support, particularly in the United States, and improved health metrics resulted in the upward revision of the forecast. Downside risks remain such as slower-than-anticipated vaccine rollout and tight financial and external conditions which may drag down global economic growth.

174. For the Philippines, the DBCC revised its growth target for FY 2021 to 4.0 to 5.0 percent from 6.0 to 7.0 percent due to the re-imposition of stricter community quarantine restrictions in various areas of the country to address the heightened risks brought about by the COVID-19 Delta variant.¹¹⁵ Growth targets were retained at 7.0 to 9.0 percent for FY 2022 and 6.0 to 7.0 percent for FY 2023-2024. Nonetheless, the government will continue its three-pillar strategy to achieve the country's growth and job targets. First is the acceleration of the vaccination program. Second is the safe reopening of the economy, while strictly adhering to public health protocols. And third is the full implementation of the recovery package.

175. The government is taking proactive measures to reduce the spread of COVID-19 and accelerate the country's vaccination program. The re-

an accelerated rebound in investments and consequently boost capital goods and raw materials/intermediate goods imports.

¹¹⁴ International Monetary Fund, World Economic Outlook, July 2021.

¹¹⁵ Consistent with the macroeconomic and growth assumptions, and fiscal program approved during the Special DBCC Meeting on August 18, 2021.

imposition of stricter CQs in high-risk areas, including NCR, in the third quarter is a proactive response to address the spread of the more contagious Delta variant and preclude the return of more lockdowns down the road. During this period, the government will accelerate the vaccination program so we can safely reopen the economy once the spread of the Delta variant has been contained.

- 176. The government has also activated a crisis action plan focusing on the enhanced implementation of the Prevent, Detect, Isolate, Treat, Reintegrate, plus Vaccinate (PDITR+V) strategy.¹¹⁶** This is complemented by stricter border control and heightened surveillance. Travel ban imposed on countries experiencing a surge in COVID-19 Delta variant cases and other border control measures are being strictly enforced. Measures to expand the hospital capacity are already in place, such as the availability of more Intensive Care Unit (ICU) and isolation beds, and procurement of oxygen tanks, medications, and other needed logistics.
- 177. The economy's recovery will get a boost from the 2021 Budget, the Build, Build, Build Program, and the implementation of the Corporate Recovery and Tax Incentives for Enterprises or CREATE law.** The economic team also looks forward to the passage of the amendments to the Public Service Act, the Retail Trade Liberalization Act, and the Foreign Investment Act. All these will help attract investments, expand our growth potential, and create more and better jobs.
- 178. Investment in shovel-ready projects under the Build Build Build Program, particularly health-related facilities, and digital infrastructure will be some of the country's main growth drivers in the near term.** Based on the existing program as reported in the FY 2022 BESF, the overall infrastructure disbursements are projected to increase from the P1.02 trillion or 5.1 percent of GDP program in 2021 to P1.27 trillion or 5.8 percent in 2022. These pertain to the actual payables from NG-implemented infrastructure projects as well as the infrastructure components of the subsidy and equity to GOCCs and transfers to LGUs.
- 179. Household consumption is expected to recover with the improvement in consumer sentiment as the government boosts the country's health system's capacity and implements its Vaccine Deployment Program, along with monetary and fiscal stimulus measures to support the**

¹¹⁶ <https://www.pna.gov.ph/articles/1149681>. Accessed on 07 August 2021.

economy. The improving labor market conditions also signify better income for households which could result in higher consumption.

- 180. The agriculture sector needs to recoup from the significant losses in livestock production due to the continued spread of African Swine Fever.** Initiatives under EO Nos. 133 and 134¹¹⁷ will be complemented by calibrated hog repopulation efforts under the Integrated National Swine Production Initiatives for Recovery and Expansion (INSPIRE) program to augment supply in the second half of the year. Meanwhile, the Plant, Plant, Plant Program will continue to boost productivity in other agricultural commodities. The provision of appropriate inputs (e.g. seeds and fertilizers) and modern machinery and technology will improve the quality, accessibility, and supply of agri-fishery commodities in the coming months.
- 181. Recovery in the industry sector will continue amid looser restrictions on construction activities and the manufacturing of essential commodities.** Manufacturing of basic commodities such as food and beverages, pharmaceutical products, and medical supplies, among others will remain unhampered. Likewise, the resumption of construction activities from both public and private residential and housing projects will support recovery in the sector in S2 2021.
- 182. The timely implementation of the National ID Program will hasten the country's digital transformation, allowing businesses to benefit from adopting digital solutions to ensure business and service continuity amid health risks caused by the pandemic.** Over the longer term, this can accelerate the country's transition to a digital economy, ensuring smoother private and public transactions and easing access to other social services.
- 183. The passage of key economic reforms remains a big part of the country's recovery.** The Legislative-Executive Development Advisory Council (LEDAC) - Executive Committee agreed to prioritize the passage of the various legislative measures by December 2021, including bills relating to the business sector such as:

- a. Amendments to the Retail Trade Liberalization Act
- b. Amendments to the Foreign Investments Act

¹¹⁷ Increasing the MAV for pork meat (EO No. 133) and modifying the rates of import duty on fresh, chilled or frozen meat (EO No. 134).

- c. Amendments to the Public Service Act
- d. Establishing the Tax Regime of Philippine Offshore Gaming Operators
- e. Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery Act
- f. Department of Migrant Workers and Overseas Filipinos Act
- g. Passive Income and Financial Intermediary Taxation Act
- h. Virology Science and Technology Institute of the Philippines
- i. Rural Agricultural and Fisheries Development Financing System Act (Agri-Agra Law)
- j. Real Property Valuation Reform Act

c. Fiscal Outlook

184. The economy is expected to rebound this year with the revised growth projection of 4.0 to 5.0 percent. With this, revenues for 2021 are maintained at the P2.88 trillion program for the year. This already takes into account the estimated revenue loss from CREATE amounting to P138.2 billion. However, fiscal projections for 2021 remain conservative, despite the slightly higher tax collections for the first six months compared to program. It is anticipated that while the economy is safely and gradually reopened, some quarantine restrictions will remain.

Table 50. Medium-Term Revenue Program, 2021 to 2024 ^{1/ , 2/}
(In billion pesos)

Particulars	Actual ^{3/}			Program ^{4/}			
	2018	2019	2020	2021	2022	2023	2024
Total Revenues	2,850.2	3,137.5	2,856.0	2,881.5	3,289.5	3,586.4	3,999.3
% of GDP	15.6%	16.1%	15.9%	14.5%	14.9%	14.8%	15.1%
Tax Revenues	2,565.8	2,827.8	2,504.4	2,714.8	3,125.0	3,420.0	3,830.7
% of GDP	14.0%	14.5%	14.0%	13.7%	14.2%	14.1%	14.4%
BIR	1,951.9	2,175.5	1,951.0	2,081.2	2,434.8	2,675.4	3,028.2
BOC	593.1	630.3	537.7	616.7	671.7	724.5	780.8
Other Offices	20.9	22.0	15.7	16.9	18.5	20.0	21.6
Non-Tax Revenues	268.7	308.8	351.1	166.2	164.0	166.0	168.2
% of GDP	1.5%	1.6%	2.0%	0.8%	0.7%	0.7%	0.6%
Privatization	15.7	0.9	0.5	0.5	0.5	0.5	0.5

1/ Totals may not add-up due to rounding.

2/ Percent of GDP ratio are based on the 2018-based nominal GDP.

3/ Net of tax refund.

4/ Based on the approved DBCC levels dated 19 July 2021.

- 185. The country's fiscal position is projected to improve from 2022 onwards as the economy is slowly reopened and more Filipinos are inoculated by the end of 2021.** For 2022, total revenues are projected to reach P3.29 trillion or 14.9 percent of GDP as the economy is expected to grow by 7.0 to 9.0 percent. Tax revenues are estimated at P3.12 trillion or 14.2 percent of GDP. This already factors in the projected P118.8 billion revenue loss from CREATE.
- 186. For 2023, total revenues are expected to reach P3.59 trillion or 14.8 percent of GDP as the economy is projected to grow by 6.0 to 7.0 percent.** Tax revenues are estimated at P3.42 trillion or 14.1 percent of GDP, and these already include the projected revenue loss of P115 billion from CREATE. Lastly, total revenues are estimated to reach almost P4 trillion or 15.1 percent of GDP as the economy will grow by 6.0 to 7.0 percent in 2024. Tax revenues are projected at P3.83 trillion or 14.4 percent of GDP after taking into account the expected revenue loss of P106.5 billion from CREATE.
- 187. Meanwhile, government spending for the rest of the year will continue to be bolstered by infrastructure and other capital outlays from completed and partially completed construction activities in the earlier months of the year.** The growth of disbursements will also be supported by the continuing implementation of the FY 2021 GAA, specifically for COVID-19 recovery measures and other regular operating expenditures of the government. The DBCC earlier maintained the P4.737 trillion disbursement program for the year despite the lower-than-expected outturn during the first semester as line agencies are expected to catch up with their spending commitment towards the end of the year. In addition, bulk of the slower disbursements is attributed to the timing of subsidy releases to GOCCs pending their request, outstanding checks awaiting encashment by suppliers or creditors, and lower-than-programmed interest payments.
- 188. The Executive Department submitted the P5.024 trillion Proposed FY 2022 Budget to the Congress on August 23, 2021, and budget deliberations in both the House and the Senate are currently ongoing.** Crafted under the theme "*Sustaining the Legacy of Real Change for Future Generations*", the proposed budget next year is 11.5 percent higher than this year's P4.506 trillion, and is equivalent to 22.8 percent of GDP. It was drawn out from a total of P7.7 trillion worth of budget proposals from various implementing agencies which were prioritized for programs that

will accelerate economic recovery while also improving the government's ongoing COVID-19 response, such as health and nutrition, social protection, and capacity development for LGUs, among others. The proposed infrastructure budget will also get a boost, reaching P1.18 trillion equivalent to 5.3 percent of GDP to advance the Administration's Build, Build, Build Program.

189. For the next three-years, disbursements will continue to support economic recovery and poverty reduction, growing by an average of nearly 4.0 percent annually to reach P4.955 trillion next year, P5.021 trillion in 2023 and P5.298 trillion in 2024. These spending projections considered the requirements of existing NG-implemented social and economic services programs, while also taking into account the full devolution of certain NG programs and projects to LGUs amid the *Mandanas Ruling*. The LGUs will receive higher National Tax Allocation (formerly Internal Revenue Allotment) starting next year, amounting to P959.0 billion vis-à-vis P695.5 billion this year. They are, therefore, expected to assume more responsibilities in implementing programs and projects which support local development. The NG, on the other hand, will focus on national issues and concerns while capacitating LGUs, particularly the disadvantage. For this purpose, the President issued Executive Order No. 138 s.2021¹¹⁸ providing the transitional mechanisms for the full devolution and setting up of a Growth Equity Fund to support the provision of basic goods and services in poor, disadvantaged, and lagging LGUs.

¹¹⁸ Entitled "Full Devolution of Certain Functions of the Executive Branch to Local Governments, Creation of a Committee on Devolution, and for Other Purposes." Dated June 1, 2021. Available at <https://www.officialgazette.gov.ph/downloads/2021/06jun/20210601-EO-138-RRD.pdf>.

190. The projected overall infrastructure disbursements will remain above 5.0 percent of GDP for the next three years. From this year's P1.019 trillion program, it will reach P1.352 trillion by 2024, providing sizable investments to enhance the state of public infrastructures and address gaps, foster interconnectivity and improve market access, generate jobs and employment, and fast-track rural development.

Table 51. Revised Medium-Term Fiscal Program
(*In billion pesos, unless otherwise indicated*)

Particulars	2021	2022	2023	2024
Revenues	2,881.5	3,289.5	3,586.4	3,999.3
% of GDP	14.5%	14.9%	14.8%	15.1%
Growth Rate	0.9%	14.2%	9.0%	11.5%
Disbursements	4,737.1	4,954.6	5,021.4	5,297.8
% of GDP	23.9%	22.4%	20.7%	19.9%
Growth Rate	12.1%	4.6%	1.3%	5.5%
(Deficit)	(1,855.6)	(1,665.1)	(1,434.9)	(1,298.5)
% of GDP	-9.3%	-7.5%	-5.9%	-4.9%
Growth Rate	35.3%	-10.3%	-13.8%	-9.5%
Infrastructure Disbursements ^{1/}	1,019.1	1,270.0	1,276.1	1,352.2
% of GDP	5.1%	5.8%	5.3%	5.1%

1/ Include estimated NG infrastructure disbursements, and infrastructure components of subsidy and equity to GOCCs and transfers to LGUs.

vi. Conclusion

191. The domestic economy is starting to recover with its calibrated reopening of the economy and the rollout of the National COVID-19 Vaccination Program. The COVID-19 health crisis caused a global shock in 2020 and is expected to continue to be a major factor in growth and development in the coming years. While there have been some improvements in key indicators such as in mobility and employment, achieving full economic rebound will depend on the continuous and timely implementation of the government's recovery program. The expansion experienced during the first semester of 2021 has shown that significant gains can be made from managing the risks of COVID-19 and allowing industries to operate while adhering to strict health protocols. Moreover, the enhanced PDITR+V strategy will be aggressively implemented to curb the spread of the virus and reduce the number of COVID-19 cases. Consumer and business confidence must be raised by accelerating the roll out of the vaccination program to increase domestic demand and fully reap the benefits of stimulus measures such as loan assistance to struggling industries. Currently, the vaccination program is making great strides nationwide.¹¹⁹ Its implementation is expected to pick up further as more vaccine supplies arrive in the second half of the year. This will allow further relaxation of quarantine restrictions and encourage economic activity.

192. Downside risks for economic recovery remain high as growth prospects will be greatly dependent on the evolution of the virus and the rollout of vaccines. There is still a high level of uncertainty which has continued to weigh down consumer and business sentiments, as well as investments. As new and more infectious variants of the virus are discovered, the possibility that the country may experience a resurgence

¹¹⁹ Source: Joint Statement of the Duterte Administration's Economic Managers on the Philippine Economic Performance for the Second Quarter of 2021. 10 August 2021. URL: <https://neda.gov.ph/joint-statement-of-the-duterte-administrations-economic-managers-on-the-philippine-economic-performance-for-the-second-quarter-of-2021/>.

in COVID-19 cases remains. Potential delays in the implementation of the national vaccination program due to global supply constraints can also hinder the government's goal of vaccinating around 70 million people and coming close to achieving herd immunity by the end of the year. In addition to the risks brought about by the COVID-19 crisis, the occurrence of typhoons and other natural disasters will likely remain a threat to the country's growth momentum, as well as other external risks such as uneven global economic recovery and a potential increase in international commodity prices.

193. The momentum of enacting structural reforms must be maintained to ensure that the Philippines can revert to its growth trajectory prior to the pandemic. The passage of the GFI's Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Bill will equip GFI's to expand their lending programs to help businesses that were critically-impacted by the crisis, especially MSMEs. Meanwhile, the proposed amendments to the Public Service Act, Foreign Investments Act, and Retail Trade Liberalization Act aim to attract much-needed foreign investments in the country to stimulate the economy and generate more jobs for Filipinos. In terms of fiscal reforms, the remaining packages of the CTRP, namely the Passive Income and Financial Intermediary Taxation Act and the Real Property Valuation Reform Act, are expected to simplify the tax system and broaden the tax base. The refiled Budget Modernization Bill has also been updated and streamlined in order to simplify the contents and focus the provisions to institutionalizing the CBS and other public financial management (PFM) reforms.

194. Moving forward, a fiscal consolidation strategy will be implemented to rebuild fiscal space and keep the debt ratio within the sustainable range. Revenue collections are expected to continue to improve, especially through the digitalization efforts of collecting agencies, and gradually return to pre-pandemic levels by next year. This will help lower the NG deficit-to-GDP¹²⁰ to 7.5 percent in 2022 from 9.3 percent in 2021, and further decline to 5.9 percent and 4.9 percent in 2023 and 2024, respectively.¹²¹ Meanwhile, the NG debt ratio is forecasted to follow a

¹²⁰ Based on Table A2 (National Government Fiscal Program) of the FY 2022 BESF.

¹²¹ With the downward revision of the 2021 growth outlook and resulting lower nominal GDP, the deficit-to-GDP ratios over the medium-term will slightly increase by an average of 0.1 percentage point from the ones presented in the FY 2022 BESF. For this year, the deficit would be equivalent to 9.5 percent of GDP (from 9.3 percent). Meanwhile, for the three-out years, it would reach 7.7 percent of GDP (from 7.5 percent) in 2022, 6.0 percent (from 5.9 percent) in 2023, and 5.0 percent (from 4.9 percent) in 2024.

downward trend from 2023 onwards. The government will continue to adhere to responsible fiscal policies in order to equip the government with the resources to safeguard against future crises and ensure that long-term growth prospects will not be compromised.

- 195. As the attainment of full recovery will take time and the effects of significant economic losses persist, it is important to buttress and consolidate immediate efforts to ensure that recovery will be on-track in the coming years.** The Philippines had made great strides in achieving its socio-economic goals prior to the pandemic, and had shown its potential as a rising economy that can compete with regional peers. While the COVID-19 crisis overturned some of the gains that have been achieved previously, the government will not waver in its efforts to revive the economy and prevent further economic scarring by: (i) accelerating the vaccination rollout, (ii) managing health risks and safely reopening the economy, and (iii) implementing the recovery program, particularly measures under the FY 2021 National Budget. The challenge will be to optimize the use of limited public resources, address the bottlenecks that were experienced in the implementation of the *Bayanihan* Laws, and enhance the capacity of line agencies to efficiently and quickly deliver the COVID-19 response measures. Further, the Proposed FY 2022 National Budget of P5.024 trillion, which will be last financial program to be crafted by the current Administration, will carry forward its resolution of providing sustained and consistent efforts to reinforce the path to recovery.

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*The report was originally published on September 30, 2021. This version was updated on October 5, 2021 to correct the actual goods exports/imports growth rates in Table 4 (Selected Macroeconomic Indicators, 2021) on page 31.