

## Briefer on the

# 2021 Budget Priorities Framework



## Macroeconomic Considerations for the 2021 National Budget

As the Government lays the groundworks for the start of an economic recovery starting the second semester of this year, it looks forward to stronger economic growth, stable prices and foreign exchange rates, and more favorable oil prices in the coming two years.

Parameters	2019 Actual	Projections <sup>1/</sup>		
		2020	2021	2022
Real GDP Growth (%) <sup>2/</sup>	6.0	(3.4) - (2.0)	<b>8.0 – 9.0<sup>3/</sup></b>	6.0 – 7.0 <sup>3/</sup>
Inflation (%)	2.5	1.75 - 3.75	<b>2.0 - 4.0</b>	2.0 - 4.0
Dubai Crude Oil (US\$/bbl)	63.7	23 - 38	<b>35 - 50</b>	35 - 50
FOREX (PhP/US\$)	51.8	50 - 54	<b>50 - 54</b>	50 - 54
Growth of Goods Export (%)	2.7	(4.0)	<b>5.0</b>	5.0
Growth of Goods Import (%)	(3.0)	(5.5)	<b>8.0</b>	8.0

<sup>1/</sup>Assumptions for FYs 2020 to 2022 were adopted by the Development Budget Coordination Committee (DBCC) on May 12, 2020.

<sup>2/</sup>At constant 2018 prices

<sup>3/</sup>Revised assumptions adopted by DBCC Ad Referendum dated May 27, 2020



## Fiscal Program

In spite of the expected rise of the budget deficit to 8.4% of GDP this year, the Government will gradually bring down the deficit for FY 2021 and 2022 to return to sustainable debt levels. For 2021, the cash budget is set at PhP4.335 trillion.

Particulars (in billion pesos)	2019 Actual	Projections <sup>4/</sup>		
		2020	2021	2022
<b>Revenues</b>	<b>3,137.5</b>	<b>2,612.6</b>	<b>2,929.0</b>	<b>3,270.7</b>
% of GDP	16.1	13.6	13.6	13.9
Growth Rate	10.1	(16.7)	12.1	11.7
<b>Disbursements</b>	<b>3,797.7</b>	<b>4,225.2</b>	<b>4,357.5</b>	<b>4,451.5</b>
% of GDP	19.5	21.9	20.3	19.0
Growth Rate	11.4	11.3	3.1	2.2
<b>Fiscal Balance</b>	<b>(660.2)</b>	<b>(1,612.6)</b>	<b>(1,428.6)</b>	<b>(1,180.8)</b>
% of GDP	(3.4)	(8.4)	(6.6)	(5.0)
Growth Rate	(18.3)	(144.2)	11.4	17.3
<b>Debt-to-GDP Ratio</b>	<b>39.6</b>	<b>49.8</b>	<b>51.5</b>	<b>52.3</b>
<b>Appropriations</b>	<b>3,661.6</b>	<b>4,100.0</b>	<b>4,335.2</b>	<b>4,414.2</b>
% of GDP	18.8	21.3	20.2	18.8
Growth Rate	3.7	12.0	5.7	1.8

<sup>4/</sup>Consistent with the growth assumptions and fiscal targets approved via DBCC Ad Referendum dated May 27, 2020.



## Budget Priorities

The **Php4.335 trillion** cash appropriations will focus on strengthening the country's capacity to address the COVID-19 pandemic—ensuring food security, fueling the economic recovery, enabling a digital government and economy, and helping communities to adjust to the new normal after the pandemic.

### Health

- Improve the country's health system by establishing more health facilities and laboratories and purchasing necessary hospital equipment to address COVID-19 and other infectious diseases.
- Sustain funding for regular health programs of the Department of Health and the implementation of the Universal Health Care Law.
- Ensure the sufficient and efficient deployment of Human Resources for Health.
- Sustain the budget for indigent members of PhilHealth to cover emerging or re-emerging diseases.

### Food Security

- Ensure unhampered movement of agricultural goods and services through efficient transport and logistics systems.
- Intensify provision of support services and farm machineries and equipment to farmers and agriculture-based enterprises.

### Infrastructure

- Prioritize crucial and shovel-ready projects under the Build, Build, Build Program to focus on health-related facilities and digital infrastructure.
- Construct and enhance logistics and road infrastructures.

### Governance

- Fast-track implementation of the Philippine Identification System.
- Invest in information and communications technology for online and remote government operations and continue support for Department of Information and Communications Technology programs.
- Conduct capacity building and continuous learning programs, including the use of e-learning platforms and digital upskilling.

### Industry and Livelihood

- Expand Shared Service Facilities and Regional Inclusive Innovation Centers.
- Assist micro, small, and medium enterprises (MSME) through the MSME Resiliency Program and other capacity building projects.
- Promote the *Balik Probinsiya* program.



Produced by:  
Department of Budget and Management  
Budget Information and Training Service  
[www.dbm.gov.ph](http://www.dbm.gov.ph)