Budget gap,
from S1/1

"Disbursements likely ramped up ahead of the election-related spending ban, while revenues, although growing, may have faced headwinds from slower-than-expected collections in certain tax components," he added.

The 45-day election ban on the release of public funds for public works projects began on March 28. This is done to prevent incumbent officials from using these funds during the election period for their advantage.

FIRST QUARTER

The budget deficit in the January-March period widened to P478.8 billion, higher by 75.62% from the P272.6-billion gap in the same period in 2024.

However, the Treasury said this was still in line with its P1.5-trillion full-year deficit program.

Expenditures jumped by 22.43% to P1.477 trillion as of end-March from P1.21 trillion in the same period a year ago.

The Treasury said government spending in the first quarter already accounted for 23.89% of the P6.2-trillion full-year disbursement program.

Primary spending increased by 21.96% to P1.24 trillion and interest payments jumped by 24.88% to P241 billion.

"The strong spending performance can be attributed to the higher disbursements recorded in the Department of Public Works and Highways (DPWH) for its road infrastructure program and regular operating requirements, and in the Department of Social Welfare and Development (DSWD) for its various protective services programs."

It also cited National Tax Allotment (NTA) transfer shares, annual block grant to the Bangsamoro Autonomous Region and releases for the local government support fund.

"Likewise, the transfer of P32.8 billion (inclusive of accrued interest) to the Coconut Farmers and Industry Trust Fund in accordance with the mandated schedule of capitalization contributed to the larger spending outturn," the BTr said.

Meanwhile, state revenues increased by 6.9% to P998.2 billion in the first quarter from P933.7 billion a year earlier. This year, the government is projecting to collect P4.64 trillion in revenues.

Tax revenues rose by 13.55% to P931.5 billion from P820.4 billion last year.

The BTr said that its overall collections remain on track due to a "strong" performance from the BIR and Customs.

"The revenue agencies' sustained growth for the third consecutive month was driven by their ongoing revenue enhancement measures, particularly the intensified campaign against the use of fake receipts, intensified crackdown on illicit trade, digitalization, and improvements in tax payment facilitation, among other initiatives," it said.

BIR revenues climbed by 16.67% to P690.4 billion, due to "higher collections from personal income tax (PIT), corporate income tax (CIT), percentage taxes, value-added tax (VAT), excise taxes, documentary stamp tax, and percentage taxes."

Customs collections grew by 5.72% to P231.4 billion driven by "higher VAT from non-oil imports and excise tax collections from oil and non-oil imports."

On the other hand, nontax revenues slumped by 41.21% year on year to P66.7 billion as of end-March.

BTr revenues plunged by 55.3% to P32.3 billion while collections from other offices decreased by 16.5% to P34.3 billion.

"Largely due to timing as 18 government-owned and -controlled corporations (GOCCs) remitted P28.23 billion in early first-quarter dividends back in 2024 compared with only three GOCCs with P0.027 billion early dividends for the current year," the BTr said.

"Nevertheless, nontax revenues are expected to improve in the succeeding months, with dividends from the GOCCs set to be remitted to the National Treasury starting May 2025."

The BTr said that the NG is still on track to keeping to its deficit targets for the year.

"With dividend remittances and other nontax receipts expected to materialize in the succeeding quarters, and as expenditures continue to track the full-year program in a more balanced manner, the 2025 fiscal deficit is projected to remain within the P1.5-trillion target."

Under the latest Development Budget Coordination Committee (DBCC) figures, the NG capped its deficit ceiling at 5.3% of gross domestic product (GDP) this year.

Mr. Rivera said the NG's budget gap reflects the need for "balancing fiscal support for development priorities with disciplined revenue mobilization to avoid long-term fiscal strain."

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said the wider fiscal deficit could also increase the need for additional borrowings to support cash flow.

"Faster growth in government expenditures also reflected increased debt servicing amid the dramatic increase in debt incurred since the COVID-19 (coronavirus disease 2019) pandemic started nearly five years ago," he said.

On the other hand, Mr. Ricafort said the budget balance could revert to a surplus in April amid the seasonal increase in tax collections as the BIR deadline for filing was on April 15.

Mr. Ricafort said there may be a need for more fiscal reform measures to "reduce government expenses such as rightsizing of the government and tax reform to further increase collections to narrow the budget deficit and curb additional need for borrowings."

"Additional tax revenue collections based on existing tax laws or through new tax reform measures and even higher tax rates would be needed, especially if inflation becomes more benign and better controlled since higher taxes could add to inflationary pressures," he added.

The Finance department has said it has no plans to introduce new tax measures anytime soon, instead focusing on improving tax administration and efficiency.

10 green-lane projects reach operational status, BoI says

PHILIPPINE STAR/NOEL B. PABALATE /PPA POOL

PRESIDENT Ferdinand R. Marcos, Jr. leads the awarding ceremony for the One-Stop Action Center for Strategic Investments, dubbed 'Gawad Bayanihan sa Pamumuhunan: Making It Happen with a Whole-of-Nation Strategy,' at the Ceremonial Hall in Malacañan Palace on Thursday, March 13.

TEN out of the 203 projects registered for green-lane treatment have been declared operational, while an additional three are close to operational and 36 being constructed, the Board of Investments (BoI) said. The projects in pre-development number 154.

To date, the projects endorsed by the BoI to the One-Stop Action Center for Strategic Investments since February 2023 are valued at P5.168 trillion.

"The data reveal a strong pipeline of early-stage projects, with renewable energy (RE) leading at 134 in pre-development but only three reaching operational status. Food security projects show steady progress, while digital infrastructure and manufacturing have fewer projects overall," the BoI said.

"With just 10 fully operational projects, the data suggest many are still in transition, highlighting potential bottlenecks in later stages," it added.

Established through Executive Order No. 18 in February 2023, green lanes were constituted to enhance ease of doing business by accelerating and simplifying the permit and licensing processes for investments deemed strategic.

"If all the projects listed can effectively meet their business requirements based on the firm's time frame, they have the potential to attract more significant investment, particularly in the supply chain," according to Ernesto C. delos Reyes, Jr., BoI director for Investment Assistance Service.

"This could foster a surge of trust and confidence among investors. The excitement surrounding this initiative could be a game-changer for everyone involved," he added.

The RE industry accounted for 159 of the green lane-certified projects, valued at a combined P4.75 trillion. These are projected to create 269,751 jobs.

RE has attracted a surge in investment after full foreign ownership was allowed for the industry, previously capped at 40%. — **Justine Irish D. Tabile**

PHL wins approval for $10-million Tawi-Tawi climate change project

THE PHILIPPINES has obtained approval for a $10-million climate-proofing project for Tawi-Tawi's water systems, the first such approval from the Adaptation Fund (AF), the Department of Finance (DoF) said on Wednesday.

The project, known as "Harnessing the water-energy-food nexus to address and adapt to climate change impacts in Tawi-Tawi," seeks to build the climate resilience of communities in the province.

"This includes deploying resilient water supply systems integrated with existing renewable energy infrastructure in Tawi-Tawi," it said.

The project was approved during the 44th Board Meeting of the Adaptation Fund in Germany, earlier in April.

The project will be implemented by "supplying local capacity building for sustainable water management, building the local communities' resilience and strengthening their livelihoods, and providing knowledge management to scale up the project's activities in the Philippines."

It is estimated to directly benefit 71,562 people and more than 150,000 people indirectly.

According to the project document, it will be deployed in the municipalities of Sitangkai and Sibutu, Tawi-Tawi.

"It is targeting the water security issue in these two island municipalities. The islands are increasingly affected by climate change through a sea-level rise (saline water intrusion) and more unpredictable rains, impacting water resources available for the communities on the islands."

The United Nations Industrial Development Organization and the Mindanao Development Authority will be in charge of the project, in coordination with the Department of Environment and Natural Resources as the National Designated Authority.

The Philippines is a member of the AF Board, representing the Non-Annex I Parties which mostly consist of developing countries.

At the same meeting, the DoF worked on its application to be a national implementing entity of the fund.

This will allow the country to receive direct financial transfers for adaptation projects and programs, the DoF said. — **Luisa Maria Jacinta C. Jocson**

PHILIPPINE STAR/RYAN BALDEMOR

Farmer-directors to serve at DA regional field offices

THE Department of Agriculture (DA) said Farmer-Directors will be fielded to its regional field offices (RFOs) next month to improve governance and service delivery.

In a statement on Wednesday, DA said the Farmer-Directors program, dating from 2017, is designed to strengthen collaboration between the government and the private sector.

The program allows Regional Agricultural and Fishery Council (RAFC) chairmen, who are long-time advocates and representatives of rural stakeholders, to serve as directors at respective regional field offices for the month of May.

"The program promotes participatory governance, providing a vital grassroots perspective in policy-making and program implementation, and offering farmer leaders firsthand insight into government operations," the DA said.

"The initiative also aims to (enable) Farmer-Directors to contribute meaningfully to decisions that directly impact their communities," it added.

Farmer-Directors will be provided with office space, vehicles, and secretarial assistance from RFO personnel.

"At the end of their term, farmer-directors are required to submit accomplishment reports detailing their experiences, observations, and recommendations — providing crucial insights to further improve agricultural governance and service delivery at the regional level," the DA said.

RAFCs are part of a broader network known as Agricultural and Fishery Councils, which exist at the regional, provincial, independent component or highly urbanized cities, and city or municipal levels. — **Justine Irish D. Tabile**

Balisacan says tariff impact 'very minimal'

THE IMPACT of the US reciprocal tariffs on the Philippines will likely be minimal, the Department of Economy, Planning, and Development (DEPDev) said, but noted the country will still need to enhance its investment environment to benefit from shifting trade paths.

"We find the overall impact on the economy was minimal," DEPDev Secretary Arsenio M. Balisacan told reporters on the sidelines of National Innovation Day on Wednesday.

"In fact, it was even slightly positive, but very minimal. And the reason for that is that we had some of the trade diversion benefits because we had lower tariffs (than) our neighbors," he added.

The United States set a 17% reciprocal tariff on the Philippines, the second lowest in Southeast Asia.

While the implementation of the higher duties was suspended until July, US trading partners are currently subject to a blanket 10% tariff.

Though shifting trade routes would work in the favor of the Philippines, Mr. Balisacan said the country is still not fully equipped to capitalize on this.

"For us to be able to respond to diversion benefits, we should be able to have so much capacities. But we don't have that. We need investments to expand existing capacities," he said.

"That's why the overall net effect is not that high. The overall net effect is quite minimal."

"But that doesn't take into account the longer term because if the trade uncertainty continues, then the global economy will further slow down. That would come back to us also because we are part of the global supply chain," he added.

Despite many multilaterals slashing the Philippines' growth forecast, the country is still in a better position compared with its neighbors, Mr. Balisacan said.

"If you look at it from that perspective, we are so much better off than many of the countries around us... But that, to me, does not give me space for complacency because the challenge is when the global economy recovers... will we be ready? Will we be able to export a lot? Will we be able to get those investments? That's what we must be thinking about."

The country needs to significantly enhance the environment for investments, he added.

"Regardless if there are reciprocal tariffs or not, we know our constraints, we know what's limiting the economy from growing faster," Mr. Baliscan said. — **Luisa Maria Jacinta C. Jocson**

FULL STORY

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