



Philippines Development Forum

2006-2007 BUDGETARY FRAMEWORKS

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Department of Budget and Management





Outline of Presentation

I. First Semester Performance

II. Outlook for the Rest of the Year

a. Expenditure Plan

b. Supplemental Budget

III. Preview of the 2007 Budget



I. First Semester Performance



Half-year releases reached 50 percent of program...

Releases for the First Semester
In billion pesos

Allotment Class	Reenacted Budget	Releases	% of Prog
PS	290.7	162.5	55.9
MOOE	578.3	280.4	48.5
CO	73.4	34.4	46.9
Total	942.4	477.3	50.6





Spending has expanded but stays within program...

Assessment: Jan-June, 2006 vs 2005 (in billion pesos)

Particulars	Jan - June		Inc/Dec	
	2005	2006	Amount	Percent
Personal Services	149.2	162.3	13.1	8.8
Maintenance Expenditures	38.8	40.9	2.1	5.5
Infra and Other Capital Outlays	42.2	41.1	(1.1)	(2.6)
CARP Land Acquisition	-	1.3	1.3	-
Allotments to LGUs	74.8	77.2	2.4	3.2
GOCCs	1.9	6.5	4.6	238.9
Tax Expenditure Subsidy	4.3	9.2	4.9	116.0
Int. Payments/Net Lending	145.3	164.0	18.7	12.9
Total	456.5	502.6	46.1	10.1





II. Outlook for the Rest of the Year



Obligation program to approximate proposed 2006 budget...

Particulars	Amount (in billions)		
	2005 Actual	2006 Proposed	2006 Outlook
General Appropriation	585.3	677.0	597.70
Program			562.8
Unprogrammed			34.9
Automatic Appropriation	358.1	376.3	393.6
Supplemental Appropriation	-	-	46.9
Special Accounts/Others	4.2	-	14.8
Total	947.6	1,053.3	1,053.0





...the bill seeks to authorize a Supplemental Appropriation for the following:

Agency	Particular	Proposed Amt. (PB)
DAR	Fund for the implementation of the Comprehensive Agrarian Reform (CARP)	P 4.593
DepEd	PS, MOOE & CO Requirements	8.582
DILG	Salaries/ Upgrading of salaries of Jailguards, Firemen & Cadets & benefits of disabled policemen	1.429
DSWD	Food for School Program	0.539
DOTC	MRT 3 subsidy requirements	3.249
COMELEC	Modernization of the Electoral System & preparatory activities for the 2007 national/local elections	1.560
MPBF	Increase in Government Counterpart Contribution : PHIC, GSIS, ECC, HDMF	4.923
ALGU	Arrearages in shares of LGUs from National Wealth & premium subsidy for indigents under the National Health Insurance Program	1.820
PGF	Deficiency in Pensions : AFP, PVAO, PNP	4.865
IRA	Internal Revenue Allotment (IRA)	14.867
CF	Standby fund, including repatriation of OFWs	0.500
	TOTAL	P46.927





Proposed Appropriations by Expense Class (PB)

Particulars	PS	MOOE	CO	Total
DAR	1.904	2.209	0.480	4.593
DepEd	1.750	6.577	0.255	8.582
DILG	1.429			1.429
DSWD		0.539		0.539
DOTC		3.249		3.249
COMELEC		0.250	1.310	1.560
PGF	4.865			4.865
MPBF	4.923			4.923
ALGU		16.687		16.687
CALAMITY FUND		0.500		0.500
Total	14.871	30.011	2.045	46.927





FAPs By Donor, 2006-2007

In billion pesos

Donors	2005	2006		2007
		Proposed	Outlook	
Loans	36.4	55.0	36.4	52.8
Japan	17.1	32.7	18.9	31.8
ADB	6.6	9.1	4.5	4.7
IBRD	5.6	7.2	6.6	7.4
UK	1.2	1.6	1.6	2.7
Others	5.9	4.4	4.8	6.3
Grants	0.8	0.7	0.7	0.9
Unprogrammed Fund	-	-	8.0	-
Total	37.2	55.7	45.0	53.7





III. Preview of the 2007 Budget



Expenditure allocation system improvements in 2007

□ MTEF launched

- Paper on Budget Strategy presented to the President: focus is on infrastructure and Basic Education
- Fiscal space determined using Forward Estimates
- Budgeting based on results and performance

□ Results-based budgeting sustained thru OPIF

- Major final outputs (MFOs) for 20 departments identified
- Programs/activities/projects aligned with MFOs
- Budget given according to absorptive capacity, implementation readiness of new projects, and cost efficiency





2007 budget allows for higher spending given favorable revenues...

Fiscal Program, 2005-2007

Particulars	2005 Actual	2006 Program	2007 Proposed
<u>Levels in PB</u>			
Revenues	816.2	974.1	1,118.8
Disbursements	<u>962.9</u>	<u>1,099.0</u>	<u>1,181.8</u>
Deficit	<u>(146.8)</u>	<u>(124.9)</u>	<u>(63.0)</u>
Obligation Budget	947.6	1,053.3	1,126.3
<u>As percent of GDP</u>			
Revenues	15.1	16.2	16.7
Disbursements	17.8	18.2	17.6
Deficit	(2.7)	(2.1)	(0.9)
Obligation Budget	17.5	17.5	16.8





... with higher allocation towards
social and economic services...

Sectoral Allocation of the 2007 Budget

Particulars	Levels in PB		Percent Dist'n		Growth (%)
	2006	2007	2006	2007	
Economic Services	196.9	223.2	18.7	19.8	13.3
Social Services	296.6	332.9	28.2	29.6	12.2
Defense	52.7	53.9	5.0	4.8	2.3
General Public Services	158.8	178.6	15.1	15.9	12.5
IP/Net Lending	<u>348.2</u>	<u>337.8</u>	<u>33.1</u>	<u>30.0</u>	(3.0)
TOTAL	<u>1,053.3</u>	<u>1,126.3</u>	<u>100.0</u>	<u>100.0</u>	6.9





... and higher infrastructure spending.

Particulars	Levels (in PM)		Increase/(Decrease)	
	2006	2007	Level	Percent
Roads and Bridges	38,884	39,406	522	1.3
Flood Control/Seawalls	6,616	8,033	1,417	21.4
Airports/Airnavigational Facilities	4,968	8,142	3,174	63.9
Irrigation	5,780	7,643	1,863	32.2
Other Infra including Schoolbuilding Program	<u>15,748</u>	<u>20,575</u>	<u>4,827</u>	30.7
Total	<u><u>71,996</u></u>	<u><u>83,799</u></u>	<u><u>11,803</u></u>	16.4





... and looking forward, improving further harmonization of planning and budgeting systems.

- ❑ **NEDA Board articulation in infrastructure program in the context of medium-term budget framework;**
- ❑ **NEDA Infrastructure Committee policy statement on developing medium-term infrastructure program, and its timing, based on pre-evaluated projects, and the institutional arrangements required; and**
- ❑ **DBM policy framework on harmonizing approved capital program within budget process and calendar.**





Thank you





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