



Philippines Development Forum

FISCAL SECTOR: EXPENDITURE ACCOUNTS

SECRETARY ROLANDO G. ANDAYA, JR.
Department of Budget and Management





Presentation Outline

- I. Fiscal Performance: NG Expenditures
- II. Immediate Challenges: FY 2006
- III. Continuing Priorities





Philippines Development Forum

I. Prudent expenditure management contributed to lower-than-target fiscal deficit... (1)

National Government Expenditures, Program vs Actual				
Particulars	Jan-Dec 2005			
	Amount (P Bn)		Deviation	
	Program	Actual	Level	Rate (%)
Personal Services	295.4	296.4	1.0	0.3
Maintenance Expenditures	91.2	84.8	(6.4)	(7.6)
Infra and Other Capital Outlays	92.9	89.9	(2.9)	(3.3)
CARP Land Acquisition	4.4	4.1	(0.3)	(8.2)
Allotments to LGUs	154.0	157.0	3.0	1.9
Government Corporations	4.9	8.3	3.4	40.6
Int. Payments/Net Lending	320.3	301.8	(18.6)	(6.2)
Total	963.2	942.2	(20.9)	(2.2)





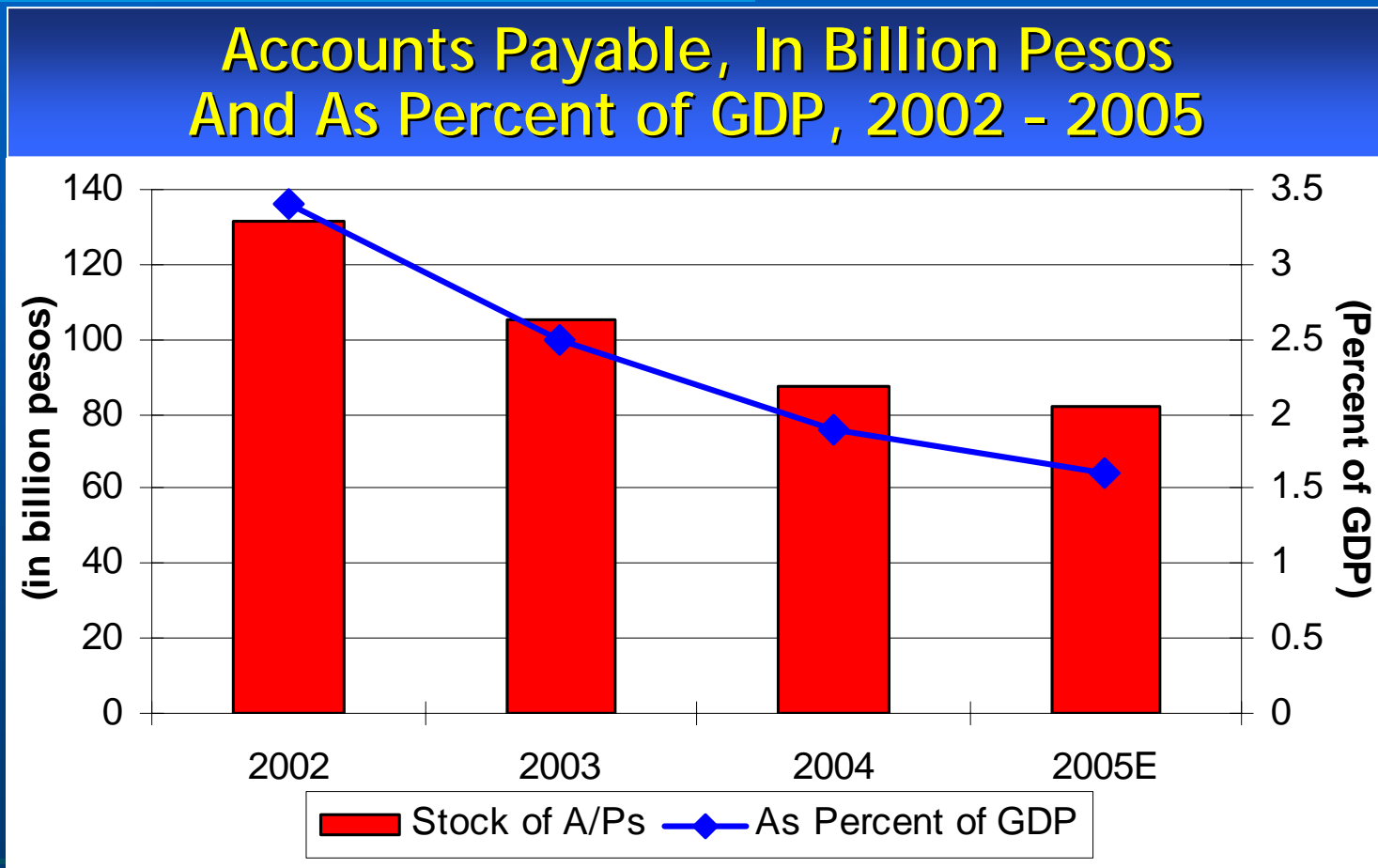
I Spending growth lower than revenue growth ... (2)

National Government Expenditures, 2004-2005				
Particulars	Jan-Dec			
	Actual (P billion)		Increase/(Decrease)	
	2004	2005	Levels	Rate (%)
Personal Services	283.1	296.4	13.3	4.7
Maintenance Expenditures	83.8	84.8	0.9	1.1
Infra and Other Capital Outlays	93.8	89.9	(3.8)	(4.1)
CARP Land Acquisition	7.3	4.1	(3.2)	(44.1)
Allotments to LGUs	145.3	157.0	11.7	8.1
Government Corporations	7.0	8.3	1.3	19.3
Int. Payments/Net Lending	266.6	301.8	35.2	13.2
Total Expenditures	886.8	942.2	55.4	6.2
Memo Items:				
Revenues	699.8	795.7	95.9	13.7
Surplus/(Deficit)	(187.1)	(146.5)	40.53	(21.7)





... absolute decline of accounts payable over time





Jan-Feb 2006 Disbursement Performance

Particulars	Jan-Feb		Inc./(Dec.)	
	2005	2006	Level	%
Personal Services	45.6	45.3	(0.2)	(0.5)
Maintenance Expenditures	10.2	19.5	9.3	91.0
Infra and Other Capital Outlays	15.1	14.9	(0.2)	(1.5)
CARP Land Acquisition	-	1.0	1.0	
Allotments to LGUs	23.5	25.6	2.1	9.0
GOCCs	0.3	0.8	0.4	131.8
Int. Payments/Net Lending	<u>58.4</u>	<u>70.2</u>	<u>11.8</u>	20.2
Total	<u><u>153.1</u></u>	<u><u>177.3</u></u>	<u><u>24.2</u></u>	15.8
Memo Items:				
Revenues	113.1	136.9	23.9	21.1
Surplus/(Deficit)	(40.1)	(40.4)	(0.4)	0.9





II. Immediate Challenges: 2006

- ① Passage of 2006 budget
- ② Pump-priming to improve quality of spending without derailing deficit





Progressive deficit reduction: Moving the 10-Point Agenda for socio-economic renewal and fiscal health...

Particulars	2004	2005	2006
<u>Obligation Budget (in PB) *</u>	867.0	918.6	1,053.3
Percent of GDP	18.0	17.1	17.6
Growth Rate	5.1	6.0	14.7
<u>Fiscal Position (as % of GDP)**</u>			
Revenues	14.5	14.8	16.1
Disbursements	18.4	17.5	18.2
ow. Interest Payments	5.4	5.6	5.7
Surplus/(Deficit)	(3.9)	(2.7)	(2.1)
<i>* 2005 Program</i>			
<i>** * 2005 Actual Levels</i>			





Larger allocation for social and economic services

Sectoral Allocation of the 2006 Budget

Particulars	Levels in P Bn		% Distn		Increase	
	2005	2006	2005	2006	(P Bn)	(%)
Economic Services	158.0	197.2	17.2	18.7	39.2	24.8
Social Services	254.3	293.9	27.7	27.9	39.7	15.6
Defense	44.2	52.4	4.8	5.0	8.3	18.7
General Public Services	141.9	161.5	15.4	15.3	19.6	13.8
Net Lending	6.9	8.3	0.8	0.8	1.3	19.1
Interest Payments	313.4	340.0	34.1	32.3	26.6	8.5
Total	918.6	1,053.3	100.0	100.0	134.7	14.7





Capital outlays show largest increase...

Budget Level by Expense Class (In Billion Pesos)

PARTICULARS	2005 Program	2006 Proposed		Growth over 2005
		Level in PB	Percent Share	
CURRENT OPERATING EXP	815.0	911.8	86.6	11.9
Personal Services	289.2	330.5	31.4	14.3
MOOE	86.4	103.5	9.8	19.8
Allotment to LGU's	121.3	133.2	12.6	9.8
Subsidy	4.6	4.7	0.4	1.2
Interest Payments	313.4	340.0	32.3	8.5
CAPITAL OUTLAYS	96.7	133.2	12.6	37.7
Infrastructure and Other Capital Outlays	64.3	96.6	9.2	50.2
Equity	0.2	1.24	0.1	549.5
Capital Transfers to LGUs	32.2	35.4	3.4	9.7
NET LENDING	6.9	8.3	0.8	19.1
TOTAL	918.6	1,053.3	100.0	14.7





Higher infrastructure spending

Particulars	Levels (in billion pesos)		% Dist'n		% Growth
	2005	2006	2005	2006	
DPWH	38.7	51.4	68.5	71.0	32.7
DOTC	2.5	5.9	4.4	8.1	135.7
DepEd	3.2	3.0	5.7	4.1	(7.5)
ARMM	0.9	1.0	1.6	1.4	9.3
AFMA	10.6	10.5	18.7	14.5	(0.4)
ALGU	0.7	0.7	1.2	0.9	(2.2)
Total	56.6	72.4	100.0	100.0	28.0
<i>Percent of GDP</i>	<i>1.1</i>	<i>1.2</i>			



Increased funding for FAPs

Donors/ Creditors	Levels in Billion Pesos		Percent Distribution		Increase (in PB)
	2005	2006	2005	2006	
Japan	18.9	32.7	51.0	58.7	13.8
IBRD	6.6	7.2	17.8	13.0	0.6
ADB	4.5	9.1	12.2	16.3	4.6
UK	1.5	1.6	4.1	2.8	0.1
Others	5.5	5.1	14.9	9.2	(0.4)
Total	37.0	55.7	100.0	100.0	18.7





II. Immediate Challenges, 2006

- Complete rationalization program
 - ❑ Function based: With reasonable separation incentives for affected employees
 - ❑ Improve viability of GOCCs
 - ❑ OVP, CSC and TLRC RPs approved
 - ❑ 17.2%, 13.4% and 76% of employees separated, respectively
 - ❑ P1M, P8.4M and P135M savings in PS, respectively
 - ❑ 25 NGAs and 13 GOCCs have submitted RPs, including DTI, DFA, DOTC, PHIC and NTA





III. Continuing Priorities (1)

a. Enact the Fiscal Responsibility Bill

- ✓ Reduce public debt to more manageable levels by imposing debt cap, including those for contingent liabilities
- ✓ No new expenditure without new revenue measure

b. Revive multi-year budgeting system for 2007 budget

- ✓ Integrating policy with resource allocation to focus on Plan objectives





III. Continuing Priorities (2)

c. Organizational Performance Indicator

Framework (OPIF)

- ✓ Performance targets of 20 departments to be featured in 2007 NEP

d. Integration of Financial Management Systems

e. Procurement Reform

- ✓ Completion of the GEPS
- ✓ Compliance Monitoring of law

f. Compensation Reform

- ✓ Simplify position classification, compensation structure and implement performance-based compensation system





Thank you

