Financing for Development

Sustainable Development Solutions Network Philippines Public Lecture & Launch

FLORENCIO “BUTCH” B. ABAD
Secretary
Department of Budget and Management
Glee, relief and regret: Addis Ababa outcome receives mixed reception

UN secretary general hails Addis Ababa development finance summit a success but failure to establish new global tax body draws criticism
Improved Revenue Collections (2009-2014, in billion pesos)

Tax Revenues vs. Non-Tax Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax Revenues</th>
<th>Non-Tax Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>982</td>
<td>142</td>
</tr>
<tr>
<td>2010</td>
<td>1094</td>
<td>114</td>
</tr>
<tr>
<td>2011</td>
<td>1202</td>
<td>158</td>
</tr>
<tr>
<td>2012</td>
<td>1361</td>
<td>174</td>
</tr>
<tr>
<td>2013</td>
<td>1535</td>
<td>181</td>
</tr>
<tr>
<td>2014</td>
<td>1720</td>
<td>186</td>
</tr>
</tbody>
</table>
Reduced Outstanding Debts (2006-2018, as % of GDP)

45.2% of GDP in 2014

Source: BTR Debt Statistics, 2000-2014
Budget Priorities Framework 2014-2018
Poorly-Designed Programs Revamped via Zero-Based Budgeting & Other Reforms

- DepEd Food for School Program
- NFA Rice Subsidies
- DA Fertilizer Fund
- Laguna de Bay Dredging (ODA)
DPWH Reforms to Improve Costs, Quality, & Bidding

**Improved Cost Structure & Project Standards**
- Indirect Costs reduced from 20-28% to 14-24%*
- Increased road thickness: 230mm to 280mm w/ same costs
- Central Office implements projects > P150 million; Regional Offices P50-P150 million; District Offices < P50 million

**Open & Competitive Bidding**
- Streamlined bidding process (from 20 documents to 5)
- Clustered projects to attract most competent bidders
- Resulted in P48.6 billion savings as of May 2015

*Allowable indirect costs depend on project cost ceilings
Greater Spending on Socio-Econ Development

EXPENDITURES IN KEY SECTORS AS % OF TOTAL, 2006-2016

- **Economic Services**: Ex. Transport Infrastructure, Agriculture, Tourism
- **Social Services**: Ex. Education, Healthcare, Social Protection
- **Debt Burden**: To pay interest on our debts

Start of Aquino Administration

- 2006: 21.2%
- 2007: 27.0%
- 2008: 29.7%
- 2009: 27.6%
- 2010: 36.8%
- 2011: x%
- 2012: x%
- 2013: x%
- 2014: x%
- 2015: x%
- 2016: 14.0%
INVESTING IN THE PEOPLE

Pantawid Pamilyang Pilipino Program (4Ps)
Budget by Billions

2016 beneficiaries Include:
high school students
itinerant, homeless, etc
households (modified CCT)
INVESTING IN THE PEOPLE

Education
Budget by Billions

2010 classroom & teacher supply gaps closed as of 2014 to support K-12
Health
Budget by Billions

All *15.4 million* poor & near-poor families covered by PhilHealth in 2016
INVESTING IN THE PEOPLE
National Housing Authority (NHA)
Housing Production & Assistance by Administration (No. of Units)

Source: NHA
INVESTING IN ECONOMIC EXPANSION

Infrastructure
Budget by Billions

Infra spending at 5% of GDP in 2016
PPP Projects per administration

Source: Public Private Partnership Center

6 Total Solicited PPPs under the RAMOS, ESTRADA & ARROYO ADMINISTRATIONS
10 Solicited PPPs awarded under AQUINO ADMIN

+ 13 More PPPs Currently under bidding
+ 2 More PPPs Negotiated & awarded
## GLOBAL COMPETITIVENESS REPORT CARD

<table>
<thead>
<tr>
<th>REPORT</th>
<th>PERFORMANCE 3 to 4 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFC – Ease of Doing Business Report</td>
<td>↑ 53</td>
</tr>
<tr>
<td>WEF - Global Competitiveness Index</td>
<td>↑ 33</td>
</tr>
<tr>
<td>TI- Corruption Perception Index</td>
<td>↑ 49</td>
</tr>
<tr>
<td>HF-Economic Freedom Index*</td>
<td>↑ 39</td>
</tr>
</tbody>
</table>

The Philippines is recognized to be the most improved economy in 4 major competitiveness reports.

*as of latest published reports*
Foreign Direct Investment

In US$ billion

Source: bsp.gov.ph
Meaningful Devolution: LGU Empowerment & Accountability

Performance-Based Downloading & Direct Release of IRA via BTr

LGU Public Financial Management
Empowering Communities

Bottom-Up Budgeting
Budget ng bayan sa kamay ng taumbayan.

National Community-Driven Development Program
“Nakikita po ninyo, kung hindi tayo maaantala, kung magtutuloy ang Daang Matuwid, sa loob ng isang henerasyon, first world na raw po tayo. Kung magpapatuloy ang mga repormang bukal ng paglago ng ekonomiya, paglaon, ang titingitingala nating mga bansa, makakapantay na natin, kundi man malalampasan”

- President Benigno S. Aquino III
6th State of the Nation Address
“The impact of the lack of reform is felt by the public. People need better services, have higher expectations, but as any politician can tell you, they don’t want to pay more for them... Thus you have the curious paradox of modern leadership: There has to be reform to satisfy rising public demands, but the public can be easily mobilized to oppose those reforms. Therefore politicians often back off the change, which then increases voters’ disillusionment with the political process.”

- Former UK Prime Minister Tony Blair

“Is Democracy Dead?” (NY Times)
Proposed Concise SDGs

- Address Extreme Poverty and Hunger
- Well-Designed Social Protection Programs
- Quality Education for All
- Universal Healthcare
- Climate Change Adaptation and Mitigation
- Sustainable Employment & Livelihood

CROSS-CUTTING: GOOD GOVERNANCE

- Strengthen & Reform Public Institutions
- People Empowerment & Social Preparation
Financing for Development

Sustainable Development Solutions Network Philippines Public Lecture & Launch

FLORENCIO “BUTCH” B. ABAD
Secretary
Department of Budget and Management
Spending on the Right Priorities

**Pantawid Pamilya**
4.09 million household beneficiaries covered as of June 2014

**Universal Healthcare**
All 15.74 million poor & near-poor families covered by 2016

**Basic Education**
2010 classroom & teacher supply closed as of May 2014 to support K-12 roll-out

**Socialized Housing**
NHA housing provision under Aquino surpasses performance of any past administration