

The Disbursement Acceleration Program

Senate of the Philippines

July 24, 2014



Republic of the Philippines
DEPARTMENT OF BUDGET AND MANAGEMENT

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The Disbursement Acceleration Program (DAP) is a **spending reform measure** to speed up public expenditure and catalyze economic growth



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Why was the DAP needed?



The situation preceding DAP

- Need to Clean House:
Curb Corruption and
Leakages
- Freeing up operational
bottlenecks
- Inefficient
implementation
 - Poor planning
 - Slow Procurement



By the third quarter of 2011, it became clear that if we wanted public spending to accelerate enough for economic growth, we had to use idle funds.

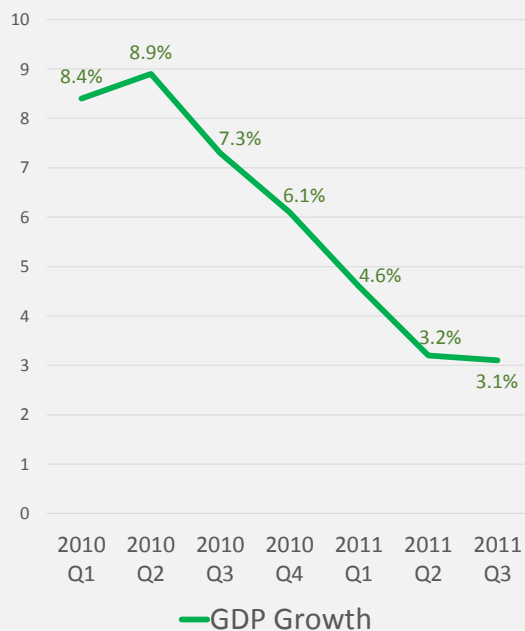


KEY REFORMS

- Zero-based Budgeting
- Early Enactment of the Budget
- Disaggregation of Lump Sum Funds



Impact of Underspensing to GDP Growth



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Use the money for fast-moving projects that would have an immediate effect on the country's economic health and well-being of Filipinos



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Use and generation of savings, of which DAP is an example, is **NOT** new

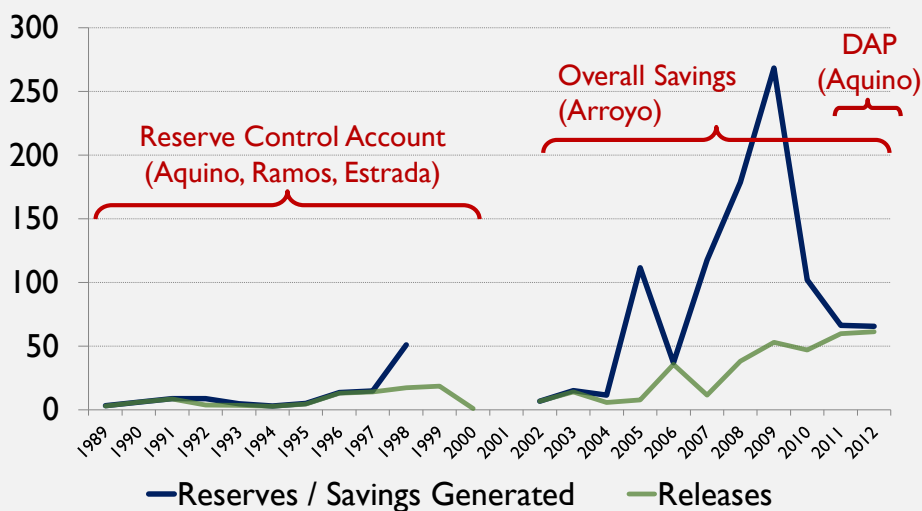


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Use of Savings, 1989-2012

Reserve Control Acct, Overall Savings & DAP



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Administration	Mechanism for the Use of Savings	Reserves/ Pooled Savings	Releases from Savings
Aquino (1989-1991)	Reserve Control Account	Php 17.953 Billion	Php 17.536 Billion
Ramos (1992-1998)	Reserve Control Account	Php 100.457 Billion	Php 44.061 Billion
Estrada (1998-2000)	Reserve Control Account	Used Ramos administration reserves	Php 36.896 Billion
Arroyo (2002-2010)	Overall Savings	Php 792.876 Billion	Php 189.273 Billion



Cross-Border Transfers

for Additional Requirements
vs. Reserve Control Account
(RCA/Overall Savings (OS)
FYs 1992-2013

CONSTITUTIONAL OFFICE	AMOUNT (in thousand pesos)	
	Reserve Imposed	Releases
FY 1992		
CFAG - No breakdown	1,119	7,398
FY 1996		
CONGRESS		85,000
OMBUDSMAN		3,000
FY 1997		
CONGRESS		65,000
COMELEC		300,000
CSC	1,076	426
FY 1998		
CONGRESS	312,752	312,752
CSC	28,716	24,717
COA	65,643	63,144
COMELEC	456,593	349,343
The JUDICIARY	305,441	293,658
OMBUDSMAN	45,112	42,178



CONSTITUTIONAL OFFICE	AMOUNT (in thousand pesos)	
	Reserve Imposed	Releases
FY 1999		
The JUDICIARY		1,000
FY 2000		
CONGRESS		432,250
COMELEC		500,000
FY 2003		
COMELEC	14,960	
FY 2004		
CONGRESS	50,000	
COA	5,000	
FY 2005		
CONGRESS	943,853	
JUDICIARY	1,524,222	
CSC	110,785	
COA	902,827	
COMELEC	252,187	
OMBUDSMAN	91,515	



CONSTITUTIONAL OFFICE	AMOUNT (in thousand pesos)	
	Reserve Imposed	Releases
FY 2006		
CONGRESS		200,000
The Judiciary		
Court of Appeals		35,000
Supreme court		134,185
FY 2007		
CONGRESS-House of Rep.	1,128,289	50,000
Civil Service Commission	127,120	9,831
COMELEC		1,100,000
COMELEC		783,958
COMELEC		366,955
JUDICIARY	2,299,812	
COA	914,267	
OMBUDSMAN	160,166	



CONSTITUTIONAL OFFICE	AMOUNT (in thousand pesos)	
	Reserve Imposed	Releases
FY 2008		
CONGRESS- House of		200,000
	1,146,384	100,000
		300,000
COMELEC	1,150,776	38,000
JUDICIARY	2,278,764	
CSC	119,775	
COA	932,937	
OMBUDSMAN	169,787	9,664
FY 2009		
CONGRESS	1,569,915	490,000
JUDICIARY	2,662,587	
CSC	132,577	
COA	933,810	
COMELEC	344,566	1,458
Ombudsman	242,345	35,000



CONSTITUTIONAL OFFICE	AMOUNT (in thousand pesos)	
	Reserve Imposed	Releases
FY 2010		
CONGRESS- Commission on Appointments		50,000
The Judiciary		
Court of Appeals		35,000
Court of Tax Appeal		13,500
FY 2011		
Commission on Audit (through DAP)		143,700
CONGRESS-House of Rep.		45,000
		-
FY 2012		
CONGRESS-House of Rep. (through DAP)		250,000
COMELEC		4,143,286
FY 2013		
The Judiciary-Court of Appeals		10,133



LEGAL BASES FOR DAP

EO No. 292

“The Administrative Code of 1987”

Book VI Chapter 5- Budget Execution
SECTIONS 38, 39, 49



SECTION 38

SUSPENSION OF EXPENDITURE OF APPROPRIATIONS.—Except as otherwise provided in the General Appropriations Act and **whenever in his judgment the public interest so requires**, the President, upon notice to the head of office concerned, is authorized **to suspend or otherwise stop further expenditure of funds allotted for any agency, or any other expenditure authorized in the General Appropriations Act**, except for personal services appropriations used for permanent officials and employees.



SECTION 39

AUTHORITY TO USE SAVINGS IN APPROPRIATIONS TO COVER DEFICITS.—Except as

otherwise provided in the General Appropriations Act, **any savings in the regular appropriations authorized in the General**

Appropriations Act for programs and projects of any department, office or agency,

may, with the approval of the President, **be used to cover a deficit in any**

other item of the regular appropriations: Provided, that the creation of new positions or increase of salaries shall not be allowed to be funded from budgetary savings except when specifically authorized by law: Provided, further, that whenever authorized positions are transferred from one program or project to another within the same department, office or agency, the corresponding amounts appropriated for personal services are also deemed transferred, without, however increasing the total outlay for personal services of the department, office or agency concerned.



SECTION 49

AUTHORITY TO USE SAVINGS FOR CERTAIN PURPOSES.— **Savings in the**

appropriations provided in the General Appropriations Act may be used for the settlement of the following obligations

incurred during a current fiscal year or previous fiscal years as may be approved by the Secretary in accordance with rules and procedures as may be approved by the President:

(9) Priority activities that will promote the economic well-being of the nation, including food production, agrarian reform, energy development, disaster relief, and rehabilitation.

(10) Repair, improvement and renovation of government buildings and infrastructure and other capital assets damaged by natural calamities;

(13) Payment of valid prior year's obligation of government agencies with any other government office or agency, including GOCC.



The Aquino Administration therefore launched the DAP in 2011



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DAP was covered by the Media in 2011

Wednesday, 12 October 2011
Manila Bulletin
Front Page
Page: A-1
Size: 114 col-cm

P72-B stimulus package OK'd

Aquino says package to spur economic growth

By GENALYN D. KABILING

President Benigno S. Aquino III has approved a P72-billion stimulus package for various infrastructure and reconstruction plans, including a support fund for local government units, in a bid to boost economic growth in the country.

The President announced the

additional expenditure program, particularly the P6.5-billion LGU support fund, during an assembly of local leaders in Pasay City.

"I know the local government units should not be neglected especially since they are in the frontline services in times of calamity. This is my good news to you. We will release the LGU support fund that will come from savings. We will try to increase

the fund but it will not be lower than P6.5 billion," the President said in Filipino at the event celebrating the 20th anniversary of the Local Government Code of 1991.

"With the competence and integrity you have shown in the past year, I am sure this fund will greatly help your constituents," he added.

Aquino said the mechanism of

(Turn to Page 6)

Aquino...

(Cont'd from page 1)

the LGU support fund, including the amount that will be received by each local executive, will be managed by Interior and Local Government Secretary Jesse Robredo. He acknowledged that local gov-

MANILA BULLETIN
October 12, 2011
(Front Page)



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DAP was covered by the Media in 2011

Wednesday, 14 December 2011
BusinessMirror
News
Page: A-2
Size: 73 col-cm

DBM: 85% of stimulus disbursed

AS of early December, the Department of Budget and Management (DBM) already released 85 percent of the Aquino administration's stimulus plan to accelerate spending of agencies and government-owned or -controlled corporations (GOCCs).

On Tuesday, Budget Secretary Florencio Abad said about P61.28 billion of the P72.11-billion stimulus package has been disbursed as of December 6.

The DBM may release some P9 billion more by middle of the month, he said.

Some P41.66 billion had already been disbursed by agencies and GOCCs since October 12, when the President approved the plan, which was an offshoot of the government's underspending during the early part of the year.

"The DBM is targeting further funding releases of P4.1 billion and a minimum of P5 billion in actual disbursements to reach 65 percent of the Disbursement Acceleration Plan [DAP] by mid-December," Abad said.

He said national government departments and agencies are now

working with the DBM to address the bottlenecks in fund utilization.

Notable disbursements during the period include the project of the National Housing Authority of P11.05 billion, as well as the P970-million equity infusions for credit insurance and the P940-million mortgage guaranty operation of the Home Guaranty Corp. and Trade and Investment Development Corporation of the Philippines and the establishment of a centralized credit-information system amounting to P75 million.

Significant cash releases have also

been given Department of Health at P294 million for the hiring of nurses and midwives, a P2.75-billion support fund for local government units, and P331 million for the Department of Science and Technology for the purchase of three Doppler radars and establishment of National Meteorological and Climate Center.

The administration's fiscal deficit from January to October this year reached P74.25 billion, well lower than the programmed P270.3 billion, mainly as a result of underspending of various government agencies. **VG Cabang**

BUSINESS MIRROR
December 14, 2011
(Page A-2)



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DAP was covered by the Media in 2011

Thursday, 13 October 2011
Philippine Daily Inquirer
Front Page
Page: A-1
Size: 167 col-cm

Gov't to spend P72B on infra, help poor

By Christine O. Avendaño

SPENDING from a P72.11-billion stimulation package, known as the Disbursement Acceleration Plan, will be fast-tracked to fortify the economy and cushion the impact of the global fallout from Europe's debt crisis, President Aquino said yesterday.

The President also assured the public that foreign investors were not packing their bags in the wake of the recent raid by communist rebels on three mining facilities in Claver, Surigao del Norte.

Speaking before the Foreign Correspondents Association of the Philippines at the Mandarin Oriental Hotel

in Makati City, Mr. Aquino acknowledged that government spending had been running well behind target this year, which has been blamed for the slower-than-expected growth in the

GOV'T/A8

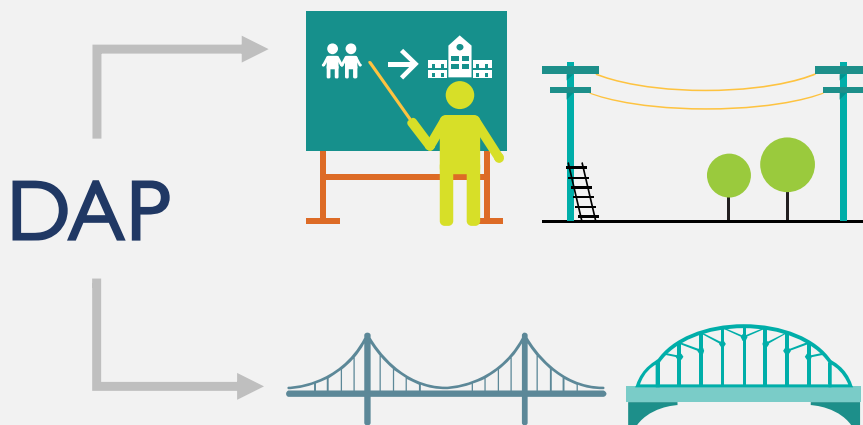
PHILIPPINE DAILY INQUIRER
October 13, 2011
(Front Page)



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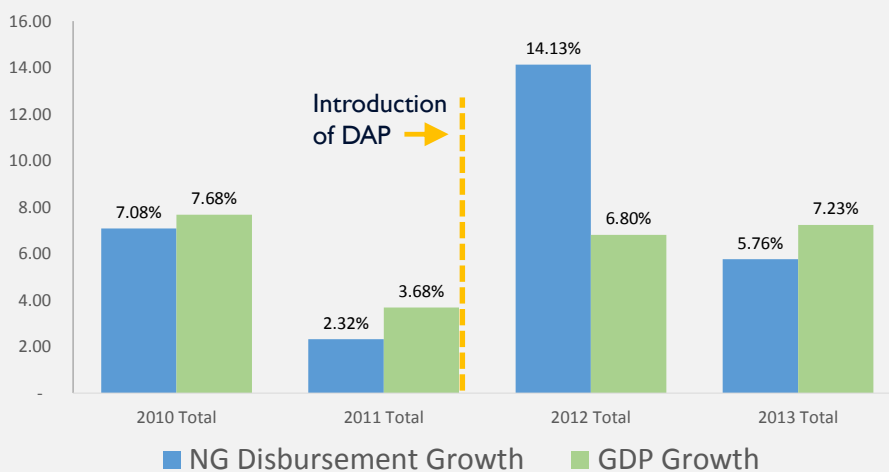
II. THE RESULTS



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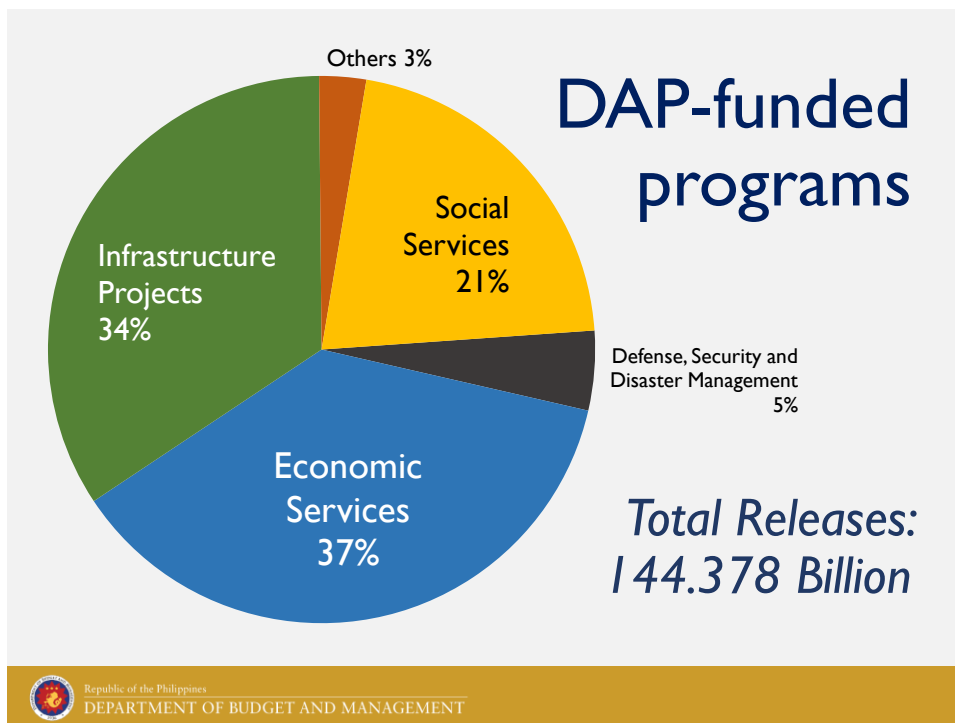
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Faster Economic Growth and Recovery of Disbursements (2010 to 2013)

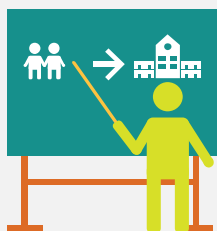


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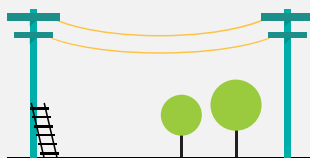
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SAMPLE PROJECTS FUNDED BY DAP



Payment of
Unremitted GSIS
Premiums for DepEd
Teachers



Sitio
Electrification



TESDA Training
for Work
Scholarships

SAMPLE PROJECTS FUNDED BY DAP



Doppler
Radar



Construction of
Roads and Bridges



Project NOAH /
DREAM



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III. THE SUPREME COURT DECISION



SC did not declare DAP
itself unconstitutional



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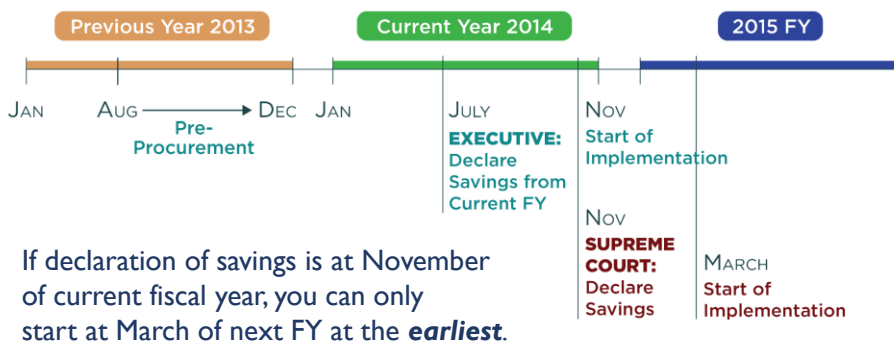
Four Acts

under DAP deemed unconstitutional

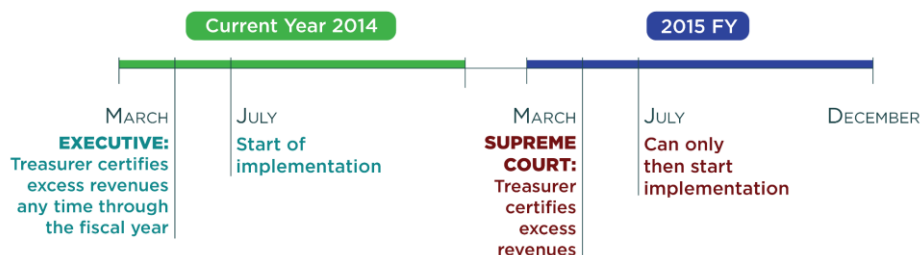
1. Restricts when savings can be declared
2. Restricts use of Unprogrammed Appropriations
3. Disallows Cross-Border Transfers
4. Requires Appropriations Cover for Augmentation



“Use It or Lose It”: Savings



Standby Appropriations (Unprogrammed Appropriations)



CROSS-BORDER TRANSFERS





PRESUMPTION OF BAD FAITH

“In that context, as Justice Brion has clarified, **the doctrine of operative fact** can apply only to the PAPs that can no longer be undone, and whose beneficiaries relied in good faith on the validity of the DAP, but **cannot apply to the authors, proponents and implementers of the DAP, unless there are concrete findings of good faith in their favor** by the proper tribunals determining their criminal, civil, administrative and other liabilities.”
(p. 90 of Araullo et al vs. Aquino et al)



III. THE SUPREME COURT DECISION

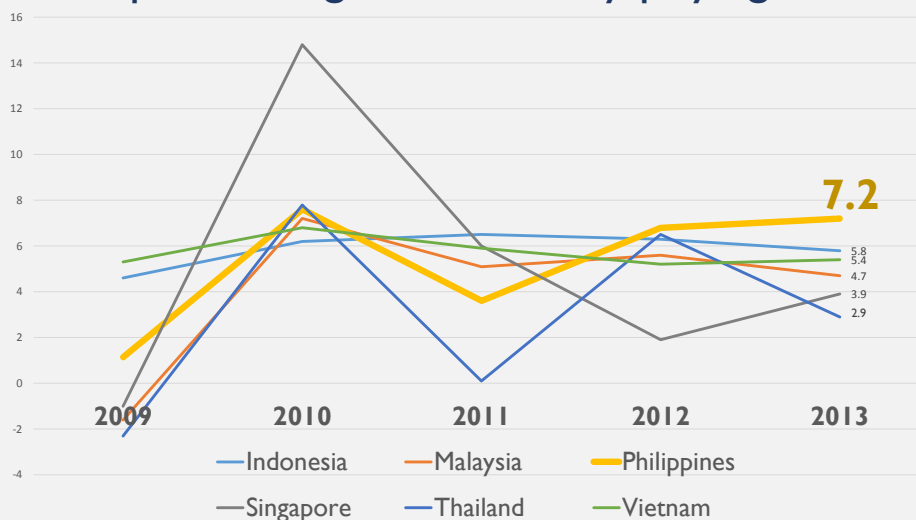


IMPACT ON THE BUREAUCRACY

1. **Delays and inefficiencies** in basic service delivery and government infrastructure projects
2. **Chilling Effect** on the bureaucracy
3. **Slow down** the momentum for reform



We did not become one of Asia's best-performing economies by playing it safe



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“The other side of the coin is that **it has been adequately shown as to be beyond debate that the implementation of the DAP yielded undeniably positive results that enhanced the economic welfare of the country.** To count the positive results may be impossible, but the visible ones, like public infrastructure, could easily include roads, bridges, homes for the homeless, hospitals, classrooms and the like. Not to apply the doctrine of operative fact to the DAP could literally cause the physical undoing of such worthy results by destruction, and would result in most undesirable wastefulness.” (p. 90 of Araullo et al vs. Aquino et al)



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IV. SUSTAINING THE MOMENTUM

- Motion for Reconsideration
- Administrative measures
- Remedial legislation



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