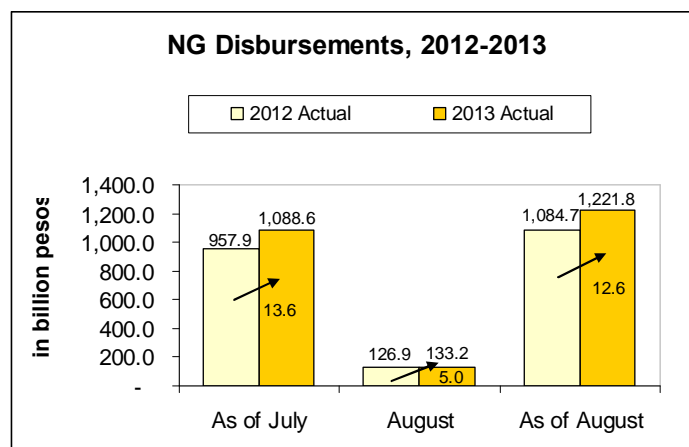


## ASSESSMENT OF NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE AS OF AUGUST 2013



Total national government spending reached P1,221.8 billion as of August this year, an expansion of 12.6 percent from the comparable figure of P1,084.7 billion in 2012. For the month of August, disbursements increased by 5.0 percent to P133.2 billion from P126.9 billion for the same month last year. The rate of growth in August slightly tempered the 13.6 percent increase in spending as of July by 1 percentage point, sans the impact of higher interest payments and the earlier release of the full-year requirement for premium subsidy under the 2013 National

Health Insurance Program, both disbursed in July. Nevertheless, the spending performance in August is generally reflective of the seasonality in the spending behavior of departments/agencies.

As shown in Table 1, disbursements through NCA issuances grew by 7.2 percent to P108.2 billion in August with disbursements leveling with the effective NCAs issued for the month. This pushed the cumulative NCA utilization rate from 90.4 percent as of July to 91.5 percent as of August.

**Table 1**  
**Comparison of Actual Disbursements vs. NCA, 2012-2013**  
in billion pesos, unless otherwise indicated

Particulars	As of July				August				As of August			
	2012	2013	Inc./ (Dec.)		2012	2013	Inc./ (Dec.)		2012	2013	Inc./ (Dec.)	
			Amount	%			Amount	%			Amount	%
NCA	661.8	793.3	131.5	19.9	100.9	108.2	7.3	7.2	762.7	901.6	138.8	18.2
% of Effective NCA	90.2	90.4			100.7	100.4			91.5	91.5		
Non-NCA	296.1	295.2	(0.8)	(0.3)	26.0	25.0	(0.9)	(3.6)	322.0	320.3	(1.7)	(0.5)
Total	957.9	1,088.6	130.7	13.6	126.9	133.2	6.4	5.0	1,084.7	1,221.8	137.1	12.6

Source of basic data: Bureau of the Treasury (BTr)

**Memo Items:**

*Effective NCAs Issued net of Trust Liabilities, gross of Working Fund:*

As of August 2012	833.8	As of August 2013	985.1
As of July 2012	733.5	As of July 2013	877.4
August 2012	100.3	August 2013	107.7

*Allotment Releases*

As of August 2012	1,519.3	84% of the P1.816 trillion obligation program
As of August 2013	1,820.6	91% of the P2.006 trillion obligation program

In terms of allotments, the DBM has released P1,820.6 billion<sup>1</sup> or 91 percent of the P2,005.9 billion obligation program for 2013. These obligational authorities comprise 96.2 percent of department-specific budgets, 56.0 percent of Special Purpose Funds (SPFs), and 91.7 percent of Automatic Appropriations for items such as interest payments (IP) and Internal Revenue Allotment (IRA). This pace of budget execution is more fast-tracked compared to the rate of release in 2012 of 84 percent.

Among the significant releases for the month of August are as follows: 1) 2012 Performance-Based Bonus and creation of new positions in the DepEd, both charged against the Miscellaneous Personnel Benefits Fund (MPBF) - P3.7 billion; 2) requirements for terminal leave and retirement gratuity - P1.9 billion; 3) releases from the Calamity Fund to cover disaster-related rehabilitation projects in various municipalities - P1.4 billion; 4) customs, duties and taxes - P0.7 billion; and 5) Basic Educational Facilities implemented by DepEd and DPWH - P0.5 billion.

<sup>1</sup> Based on the report on the Status of the FY 2013 Budget as of August 31, 2013

## Year-on-Year Performance

Spending outturn this year considerably improved by 12.6 percent, higher than the average growth rate for the comparable period over the last eight (8) years. This can be largely explained by the increase in disbursements under the following items:

- Personnel Services (PS) rose further in August with the continued release for the 2012 Performance-Based Bonus (PBB) granted to employees of DepEd, DOF, OVP, NEDA and PCOO. This is in addition to the increase accounted for in previous reports resulting from salary adjustments due to the last tranche of implementation of the Salary Standardization Law III, 2012 PBB for other departments/agencies, higher claims for retirement gratuity and terminal leave benefits, and for the creation of new positions, specifically in the DepEd.
- MOOE continued to rise from last year's level by P31.7 billion or 20.7 percent with additional releases in August for the DILG's potable and safe water supply to water-less barangays, and the DSWD's interim shelter assistance to informal settler families along eight priority waterways in Metro Manila. Moreover, some MOOE-heavy departments such as DENR, DOH, DSWD and COMELEC also exhibited notable improvement in NCA utilization rates notwithstanding their higher budgetary allocation for MOOE this year. These factors, and those previously reported expansion of social protection programs, election-related expenditures, among others, shore up maintenance expenditures year-on-year.
- The government sustained growth in infrastructure spending with further payments in August for works accomplished on DA-NIA irrigation projects. This includes the Agno River Integrated Irrigation Project, Balog-balog Multipurpose Project, Small Irrigation Projects Nationwide, Rehabilitation/Restoration of Existing Irrigation Systems Nationwide, National/Communal Irrigation System Extension Projects Nationwide, to name a few. This brings the cumulative expansion in infrastructure and other capital outlays to 38.5 percent over last year's comparable level.
- Percentage-wise, the largest year-on-year increase was recorded under subsidies to GOCCs at 119.6 percent (equivalent to P18.4 billion) over the 2012 outturn. This has been primarily due to the release to the PHIC for the 2013 NHIP premium subsidy in the amount of P12.0 billion, compared to just P2.1 billion as of August last year. Other sources of increase include NEA's Sitio Electrification Program (P3.6 billion in 2013 vs. P1.6 billion in 2012), and for NHA's 2011 and 2012 Resettlement Program and AFP/PNP Housing Project (which totaled to P8.2 billion in 2013 vs. P2.4 billion in 2012).
- Year-on-year increase in IP of 3.5 percent was largely driven by higher IP requirement for domestic borrowings, specifically from the issuances of retail treasury bonds. In terms of its percentage share in total disbursements, IP remained lower at 18.7 percent as of August this year compared to the 2012 comparable ratio of 20.4 percent.

**Table 2: Disbursements by Expense Class, 2012 vs. 2013**  
in billion pesos, unless otherwise indicated

Particulars	January-August		Increase/Decrease	
	2012	2013	Amount	%
Current Oper. Exp.	900.8	1,002.1	101.2	11.2
PS	344.3	377.4	33.1	9.6
MOOE	153.6	185.3	31.7	20.7
Subsidy	15.4	33.8	18.4	119.6
Allotment to LGUs	145.8	161.2	15.5	10.6
IP	221.1	228.9	7.8	3.5
TEF	20.7	15.5	(5.2)	(25.1)
Capital Outlays	169.5	219.8	50.4	29.7
Infra & Other CO	122.4	169.6	47.1	38.5
Equity	0.9	0.5	(0.4)	(45.6)
Cap. Transfers to LGUs	46.1	49.8	3.6	7.9
CARP-LO	-	-	-	-
Net Lending	14.5	(0.1)	(14.5)	(100.5)
<b>TOTAL</b>	<b>1,084.7</b>	<b>1,221.8</b>	<b>137.1</b>	<b>12.6</b>

As mentioned in earlier assessments, contraction on other expenditures, particularly tax expenditures and net lending, somehow curbed the impact of the year-on-year growth in the above items.

## Outlook for the Rest of the Year

**Table 3: Status of 2013 Allotment Releases**

in billion pesos, unless otherwise indicated

Particulars	Program	Releases as of August*	Balance	
			Amount	%
Original Program	2,005.9	1,820.6	185.3	9.2

\* Inclusive of releases charged against R.A. 10155 - 2012 Continuing Appropriations and Automatic Appropriations

Of the P2,005.9 billion obligation program for 2013, P185.3 billion remains for release for the rest of the year. This balance includes P52.5 billion for items that are automatically appropriated, and P132.7 billion for items under the department-specific appropriations and special purpose funds, for which submission of certain documentary

requirements is required. Some of these unreleased appropriations are for pension and retirement benefits (P25.6 billion), subsidies to GOCCs (P21.0 billion), the Priority Development Assistance Fund (P14.6 billion), DPWH's locally-funded projects (P7.0 billion), special shares of LGUs in the proceeds of national taxes (P6.7 billion), the Calamity Fund (P6.1 billion), and the AFP Modernization Program (P5.0 billion), among others.

From August to September, a series of meetings of the Account Management Teams (AMTs) were held to discuss with the AMT-guided departments their performance in the first semester, and how they can improve and catch-up on spending for the rest of the year. The AMT meetings served as a venue for the departments and their DBM counterparts to resolve or come up with recommendations to resolve issues that hamper program/project implementation and slow down the pace of actual payments for goods/services delivered, and to promptly act on justifiable requests for additional cash requirements. This is seen to lessen the impact of the suspension on all releases from the PDAF as instructed by the President and in compliance to the Temporary Restraining Order (TRO) issued by the Supreme Court, on the disbursement performance for the year.