

ASSESSMENT OF NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE FOR JANUARY 2013

National government disbursements were off to a good start this year as it registered at P157.9 billion in January, P15.6 billion or 11.0 percent higher than the recorded disbursements in the same month last year of P142.3 billion. Net of interest payments, the year-on-year increase in January disbursements of 12.0 percent has improved from the 6.2 percent growth in 2012 and contraction of 5.6 percent in 2011. This is greatly driven by the combined increase in maintenance and infrastructure spending which figured at 46.8 percent from year-ago levels.

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

Particulars	January			
	2012	2013	Inc./Dec.	
			Amount	%
NCA	63.8	76.6	12.8	20.0
% of Effective NCA	80.1	80.8		
Non-NCA	78.5	81.3	2.8	3.6
Total	142.3	157.9	15.6	11.0

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

Memo Items:

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

January 2012 79.6

January 2013 94.8

Allotment Releases

As of Jan. 31, 2012 917.4 51% of the P1.816 trillion program

As of Jan. 31, 2013 1,304.2 65% of the P2.006 trillion program

Source: Budget Technical Service (BTS)

Similarly, there has been a marked improvement in actual NCA disbursements during the first month of the year as it grew by P12.8 billion or 20.0 percent, considerably higher than the average growth of 2.3 percent from 2010 to 2012. The disbursement outturn includes P32.0 billion of checks issued by departments/agencies in 2012 that were only encashed by the creditors in January. Nevertheless, actual spending of disbursement authorities issued in the current year still expanded by 6.2 percent to P125.9 billion from last year's P118.5 billion.

Table 1 shows that fund absorption by agencies improved, albeit slightly, to 80.8 percent of the P94.8 billion total NCAs issued for the month. On the other hand, non-NCA disbursements increased marginally by P2.8 billion or 3.6 percent from the same month last year primarily due to the P4.6 billion or 9.1 percent expansion in interest payments (IP), predominantly for domestic borrowings. This increase was on account of higher volume of government securities issued as of December 2012 vis-à-vis December 2011 to finance the higher year-on-year deficit. Also, quarterly interest expenses for retail treasury bonds floated in November 2012 were due for payment in January 2013.

The implementation of reforms to ensure the faster and more efficient budget execution and delivery of priority programs and projects such as the one-year validity of appropriations, disaggregation of lump-sum funds, the speeding up of procurement by allowing departments to conduct bidding short of award before the National Budget was approved by Congress, is enabling a facilitative budget release system this year, with the DBM issuance of 65 percent of the P2.006 trillion total obligation program for the year. This compares with the 51 percent released in January last year. Specifically, P898.4 billion or 91.9 percent of the built-in appropriations for departments and agencies was released either comprehensively through the Agency Budget Matrices (ABMs) or the use of Special Allotment Release Orders (SAROs). Of the allotments issued to the departments in January, P204.8 billion was for capital outlays (CO), comprising already 77.9 percent of its 2013 program compared with 72.1 percent released for the first month last year. Notably, among the key programs and projects for which allotments have been mostly released on the first month are: 1) DA – Crop Sector Development Program and irrigation projects nationwide; 2) DepEd – GASTPE; 3) DENR – Forest and Land Management Programs; 4) DFA – e-Passport Project; 5) DOH – Health

Facilities Enhancement Program (HFEP), Doctors to the Barrios and Rural Health Practice Program, Family Health and Responsible Parenting Program, and Expanded Program on Immunization; 6) DILG – fire prevention and suppression activities, and Potable Water Supply Project; 7) DPWH – national arterial and secondary national roads and bridges, and flood control and drainage projects; 8) DSWD – Pantawid Pamilyang Pilipino Program (4Ps) and Supplemental Feeding Program; 9) DOTC – subsidy to mass transport and LRT Line 2 East Extension; and 10) COMELEC – synchronized national, local and ARMM elections. Last year, funds for some of these programs/projects were released in later months subject to submission of special budget requests and documentary requirements. For instance, funds for the 2012 DOH-HFEP implementation in the amount of P5.1 billion were released in May 2012 upon the submission of the list of specific projects and locations by the DOH. This year, however, the P10.8 allocation for the DOH-HFEP formed part of the ABM released in January as the DOH was able to submit the list immediately after the 2013 General Appropriations Act has been signed by the President in December last year.

Year-on-Year Performance

The major expense items with significant year-on-year increases are as follows:

- Personal Services (PS) grew by P4.8 billion or 13.4 percent to P40.8 billion from last year's P36.0 billion with the impact of the annualized implementation of the last tranche of the Salary Standardization Law III (SSL 3) and the higher claims for retirement gratuity and terminal leave benefits.

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

Particulars	January		Increase/Decrease	
	2012	2013	Amount	%
Current Oper. Exp.	124.9	146.0	21.0	16.8
PS	36.0	40.8	4.8	13.4
MOOE	20.0	29.8	9.8	48.9
Subsidy	0.4	0.2	(0.2)	(44.0)
Allotment to LGUs	18.2	20.2	1.9	10.6
IP	50.3	54.8	4.6	9.1
TEF	0.0	0.2	0.1	378.1
Capital Outlays	16.1	21.9	5.8	35.7
Infra & Other CO	11.5	16.4	4.9	43.1
Equity	-	0.1	0.1	
Cap. Transfers to LGUs	4.6	5.4	0.7	15.6
CARP-LO	-	-	-	
Net Lending	1.2	(9.9)	(11.2)	(897.3)
TOTAL	142.3	157.9	15.6	11.0

- Maintenance and other operating expenditures (MOOE) was up by P9.8 billion or a sizeable 48.9 percent, mostly on account of the frontloading/reprogramming of cash grants (P3.7 billion) for the Set 1-5 beneficiaries of the Conditional Cash Transfer program of the DSWD (or 4Ps) which were originally scheduled in March, in view of the election ban. This release is also on top of the actual required cash grants for November-December 2012 which are scheduled for payment in January (P7.8 billion).
- Capital spending increased by P4.9 billion or 43.1 percent, due to the carry-over disbursements from prior year's accounts payables and outstanding checks, and to the releases made for the payment of infrastructure projects implemented by the DPWH. It will be noted that last year, there had been minimal payments made by DPWH for capital outlays during the first month.
- Transfers to LGUs rose by P2.7 billion or 11.6 percent as a result of higher IRA allocation this year and the partial provision of 2012 unreleased appropriations for the LGU shares in the proceeds of the tobacco excise tax, the release of which is contingent on the submission of budgetary requests accompanied with list of projects by the beneficiary LGUs.

Considerably tempering these expansions was the decrease in net lending due to the P12.3 billion repayments by PSALM. This was made through NG's relending to PSALM under the Debt Management Program to cover the debt, independent power producers (IPP), and fuel payment pursuant to the Relending Agreement between NG and PSALM dated December 18, 2012.

Outlook for the Rest of the Year

Of the P2.006 trillion obligation program for 2013 (inclusive of Automatic Appropriations), P1.304 trillion of allotments has already been released, to cover, among others, regular operating requirements of agencies and budgetary support to GOCCs, reflecting a program balance of P701.7 billion. More than half of this amount (or 54.1 percent) represents P379.5 billion of

Table 3: Status of Allotment Releases in January, 2012-2013
in billion pesos, unless otherwise indicated

Particulars	Full-Year Program	Releases as of January*	Balance	
			Amount	%
2013	2,005.9	1,304.2	701.7	35.0
2012	1,816.0	917.4	898.6	49.5

* Inclusive of releases charged against Continuing Appropriations and Automatic Appropriations

Source of basic data: BTS

automatic appropriations consisting mostly of IP, IRA, net lending, and tax subsidies to NGAs and GOCCs to cover payment of customs duties and tax obligations with BOC and BIR. The release of the P322.2 billion balance under department-specific budgets and special purpose funds, of which P151.9 billion is for PS mostly under Miscellaneous Personnel Benefits Fund and the Retirement Benefits Fund, is subject to special budget requests to be submitted by departments/agencies with complete documentary requirements and clearances.

With the reform measures in place and the strict monitoring of spending performance of AMT-guided departments, the government envisages a smoother and predictable budget execution this year. Given the substantial increase in the expenditure program and with the higher growth targets for the year, it will be all the more necessary for the government to ensure that funds are utilized effectively and that programs and projects are delivered as planned. The government also sees that the shift from two-year to one-year validity of appropriations for MOOE and CO will push the disbursements under these two expense items, making them significant drivers of economic growth.