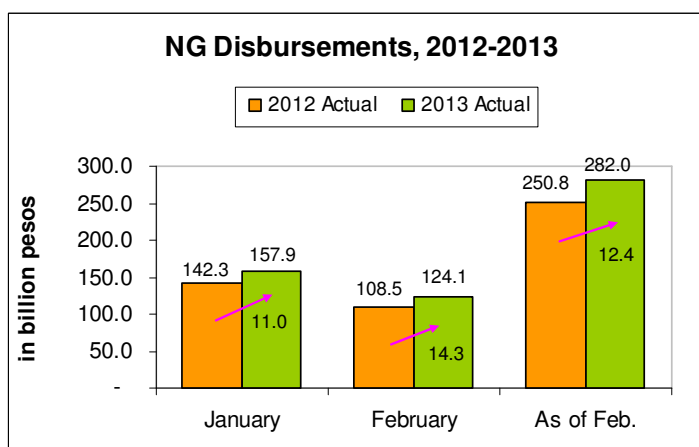


ASSESSMENT OF NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE FOR FEBRUARY 2013



Spending performance in February further hiked the year-on-year growth in disbursements with a 14.3 percent increase for the month, compared with the 11.0 percent expansion in January. Cumulatively, national government disbursements for the first two months of the year totaled to P282.0 billion, P31.2 billion or 12.4 percent higher than the total disbursements during the same period last year of P250.8 billion, the highest growth recorded since 2007.

The same can be said for disbursement levels net of interest payments (IP), the 20.7 year-on-year growth for the month of February pushed the cumulative growth to 16.3 percent, better than the 12.0 percent registered in January.

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

Particulars	January				February				As of February			
	2012	2013	Inc./Dec.		2012	2013	Inc./Dec.		2012	2013	Inc./Dec.	
			Amount	%			Amount	%			Amount	%
NCA	63.8	76.6	12.8	20.0	79.4	97.1	17.7	22.2	143.3	173.7	30.4	21.3
% of Effective NCA	80.1	75.5			91.8	82.8			86.2	79.4		
Non-NCA	78.5	81.3	2.8	3.6	29.1	27.0	(2.1)	(7.2)	107.6	108.3	0.7	0.7
Total	142.3	157.9	15.6	11.0	108.5	124.1	15.6	14.3	250.8	282.0	31.2	12.4

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

Memo Items:

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

As of Feb. 2012	166.2	As of Feb. 2013	218.8
January 2012	79.6	January 2013	101.5
February 2012	86.6	February 2013	117.3

Allotment Releases

As of Feb. 29, 2012	1,180.7	65% of the P1.816 trillion obligation program
As of Feb. 29, 2013	1,359.8	75% of the P2.006 trillion obligation program

Source: Budget Technical Service (BTS)

It can be seen in Table 1 that despite the slower fund absorption this year of the NCAs issued as of February, NCA disbursements still increased dramatically by 20.0 percent and 22.2 percent in January and February, respectively. On the other hand, non-NCA disbursements slightly rose as of February by 0.7 percent due to the combined impact of the increased disbursements in IP and from encashment of prior year's checks, and the lower outturn for net lending with the PSALM repayments as discussed in the previous report. A third of this cumulative non-NCA disbursement represents P36.0 billion of checks issued by departments/agencies in 2012 that were only encashed by the creditors as of February this year. Net of these check floats, actual current year spending still expanded by a modest 10.5 percent, largely steered by the 45.1 percent and 70.1 percent growth in maintenance and capital/infrastructure spending, respectively.

Based on BTS data, in addition to the notable releases made during the first month which were highlighted in the previous report, the significant allotment releases for the month of February are as follows: 1) P9.4 B for the provision of Basic Educational Facilities by DPWH;

2) P4.7 billion for payment of terminal leave and retirement gratuity benefits of retired employees; 3) P4.5 billion for the implementation of various programs and projects under the Priority Development Assistance Fund (PDAF); 4) P2.9 billion to cover the partial revalidation of lapsed allotments released for the Armed Forces of the Philippines (AFP) capability requirements for the security and protection of the Malampaya Natural Gas-to-Power (MNGP) project; 5) P2.6 billion for the DA farm-to-market road projects; 6) P1.5 billion for the requirements of the Metro Manila Development Authority (MMDA) under ALGU; 7) P1.3 billion for the LTO Infrastructure and Information System Project; and 8) P1.3 billion to cover contributions to international organizations and hosting of international conferences chargeable against the International Commitments Fund (ICF).

Year-on-Year Performance

The P31.2 billion expansion in the disbursements as of February is mainly accounted for by the following:

- Personal Services (PS) expanded by P10.1 billion or 13.6 percent to P84.5 billion from the 2012 level of P74.4 billion due to the impact of the 4th tranche of Salary Standardization Law III (SSL 3), and the annualized requirements for the creation of new positions made in 2012 resulting to increase in authorized positions such as 21,110 teaching and non-teaching positions in the DepEd, 3,000 Police

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

Particulars	January-February		Increase/Decrease	
	2012	2013	Amount	%
Current Oper. Exp.	217.1	248.6	31.5	14.5
PS	74.4	84.5	10.1	13.6
MOOE	33.5	47.0	13.6	40.5
Subsidy	1.5	3.1	1.5	100.0
Allotment to LGUs	36.4	40.3	3.9	10.6
IP	70.9	72.8	1.9	2.7
TEF	0.4	0.9	0.5	114.5
Capital Outlays	32.2	43.0	10.8	33.5
Infra & Other CO	23.0	32.3	9.4	40.8
Equity	-	0.1	0.1	
Cap. Transfers to LGUs	9.3	10.6	1.3	14.0
CARP-LO	-	-	-	
Net Lending	1.5	(9.6)	(11.1)	(748.6)
TOTAL	250.8	282.0	31.2	12.4

Officer I positions, 500 Jail Officer I positions and 500 Fire Officer I positions. The increase also includes the effect of higher claims for retirement gratuity and terminal leave benefits as more government personnel opted to retire after the full implementation of the SSL 3.

- Maintenance spending (MOOE) surged by 13.6 billion or 40.5 percent to P47.0 billion. Of this amount, roughly P13.3 billion is accounted for by the cash grants provided by DSWD for eligible and compliant Conditional Cash Transfer program beneficiaries for the pay-out periods scheduled in November-December 2012 and January-February 2013. Other sources of increase include the development of the crops sector (predominantly for the National Rice Program) which has been fully released to the DA through the Agency Budget Matrix, and the rationalized MOOE allocation for the different public elementary and high schools under DepEd.
- Subsidies to GOCCs doubled this year to P3.1 billion this year primarily with the release in the amount of P978.4 million for additional subsidy as initial payment to the National Housing Authority (NHA) for the transfer of the unutilized portion of the National Kidney and Transplant Institute (NKTi) lot to NKTi, charged against the 2012 Continuing Appropriations.
- IP grew slightly by P1.9 billion or 2.7 percent, moderating the 9.1 percent increase in IP for the month of January. The contraction in interest expenses for domestic borrowings in February may be attributed to lower interest rates year-on-year (2.6 percent in February

2012 vs. 0.8 percent in February 2013). As a result, the share of IP in total disbursements for the month of February this year fell to 14.4 percent compared to 19.0 percent last year. The cumulative share for the first two months is also reduced from 28.3 percent in 2012 to 25.8 percent this year.

- Capital spending was up sharply by P9.4 billion or 40.8 percent, largely attributed to the settlement of outstanding checks issued in 2012, and the increase in the current year spending of the DPWH. In terms of checks negotiated during the period based on reports of government-servicing banks, disbursements for infrastructure projects implemented by the DPWH increased by 114.5 percent from P5.6 billion in 2012 to P12.0 billion this year. In connection, the CO component of the DPWH expenditure program is higher this year at P144.8 billion compared to P99.5 billion allocated in the 2012 GAA.
- Allotment and Capital Transfers to LGUs increased by P5.2 billion or 11.3 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.

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 February*	Balance	
			Amount	%
Original Program	2,005.9	1,359.8	646.1	32.2

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

Source of basic data: BTS

Of the P2.006 trillion obligation program for 2013 (inclusive of Automatic Appropriations), P1.360 trillion of allotments has already been released as of February. Of which, P912.1 billion (or 94.5 percent of total department/agency budget) is from department/agency specific budgets for regular operating requirements and

implementation of programs and projects, P302.3 billion for the full-year IRA for LGUs, P27.6 billion for the requirements of Retirement and Life Insurance Premium (RLIP) of government personnel, P22.3 billion for retirement benefits, P5.6 billion for budgetary support to GOCCs, and P4.6 billion for congressional allocations under PDAF, among others. Hence, a program balance of P646.1 billion. A larger chunk of this amount, or more than 55 percent, represents P356.3 billion of 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 P289.8 billion balance under department-specific budgets and special purpose funds, of which P144.6 billion is for PS under the Miscellaneous Personnel Benefits Fund (MPBF) and Retirement Benefits Fund (formerly Pension and Gratuity Fund), is subject to special budget requests to be submitted by departments/agencies with complete documentary requirements and clearances.

Seen in the past two months is the steady improvement on the spending performance of the national government, not only in terms of the year-on-year growth at the aggregate level but also of productive expenditures such as MOOE and CO. With the essential reform measures already in place, the government remains positive that it will be able to sustain this performance for the rest of the year.