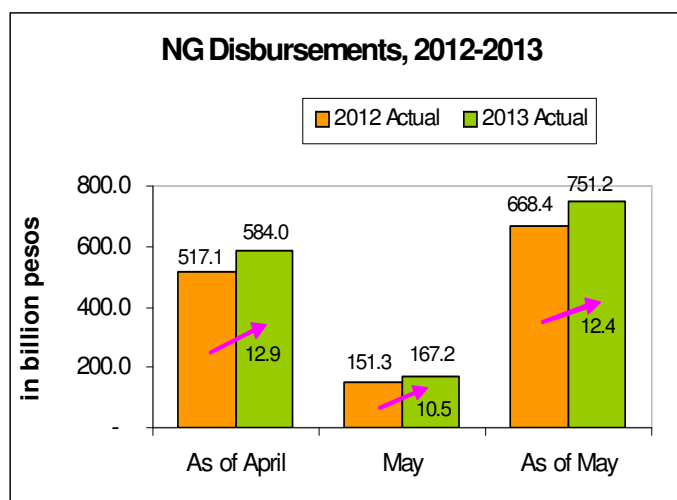


ASSESSMENT OF NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE AS OF MAY 2013

The national government spent P751.2 billion in the first five months of the year, exceeding last year's outturn of P668.4 billion by P82.8 billion or 12.4 percent, and sustaining the double-digit growth it exhibited as of April. This disbursement performance has surpassed the 8.1 percent average expansion for the period January to May, since 2005. With election spending factored in, the growth in disbursements also grew faster this year relative to the average growth in recent election years (2007 and 2010) of 11.8 percent. What is significant is that the growth largely stemmed from the 29.8 percent combined increase in maintenance and capital spending year-on-year.



As shown in Table 1, disbursements for the month of May grew by P15.9 billion or 10.5 percent from the May 2012 level of P151.3 billion. By composition, cash disbursements for the month topped last year's performance by almost 20 percent, on account of increased disbursements by DA, DepEd, DSWD and COMELEC. This makes the cumulative spending through the use of Notices of Cash Allocation (NCAs) amount to P543.4 billion, recording an expansion of P83.4 billion or 18.1 percent year-on-year. In terms of NCA utilization rate, the overall cumulative utilization rate this year at 87.9 percent is now tied with last year's performance, with the push coming from the recorded utilization rate for the month of May at 90.3 percent, higher than the 87.1 percent average utilization rate as of April.

On the other hand, non-cash disbursements for the month of May are lower than the year-ago level by P7.4 billion or 21.7 percent due to P6.1 billion of constructive receipts of cash for foreign-assisted projects of DPWH that were inadvertently recorded in the May 2012 Cash Operations Report (COR), but was subsequently corrected in the COR of the following month.

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

Particulars	As of April				May				As of May			
	2012	2013	Inc./ (Dec.)		2012	2013	Inc./ (Dec.)		2012	2013	Inc./ (Dec.)	
			Amount	%			Amount	%			Amount	%
NCA	342.7	402.8	60.1	17.5	117.3	140.6	23.3	19.9	460.0	543.4	83.4	18.1
% of Effective NCA	90.0	87.1			82.3	90.3			87.9	87.9		
Non-NCA	174.5	181.2	6.8	3.9	34.0	26.6	(7.4)	(21.7)	208.4	207.8	(0.6)	(0.3)
Total	517.1	584.0	66.9	12.9	151.3	167.2	15.9	10.5	668.4	751.2	82.8	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 May 2012	523.4	As of May 2013	618.4
As of Apr. 2012	380.9	As of Apr. 2013	462.7
May 2012	142.5	May 2013	155.8

Allotment Releases

As of May 2012	1,337.6	74% of the P1.816 trillion obligation program
As of May 2013	1,525.6	76% of the P2.006 trillion obligation program

In terms of allotment releases¹, the DBM has issued obligation authorities to departments/agencies in the amount of P1,525.6 billion, equivalent to 76 percent of the P2,005.9 billion obligation program, and increasing nominally by P188 billion or 14.1 percent from last year. Specifically, P914.5 billion or 94.8 percent of the built-in appropriations for departments and agencies was released either comprehensively through the issuance of Agency Budget Matrices (ABMs) or Special Allotment Release Orders (SAROs). Of the allotments issued to the departments as of May, P442.8 billion was for Personnel Services (PS) representing 99.7 percent of the program, P248.7 billion was for Maintenance and Other Operating Expenditures (MOOE) corresponding to 96.4 percent of the total obligation program for MOOE, and P223.0 billion was for Capital Outlays (CO) comprising already 84.8 percent of its 2013 program. Particularly for CO, the pace of fund releases was seen faster this year by 8.2 percentage points from last year's rate of release of 76.6 percent.

Contributing to the expansion are the significant allotment releases for the month of May, as follows: 1) P16.7 billion for interest payments on foreign and domestic borrowings; 2) pension payments, separation benefits and monetization of leave credits under the Pension and Gratuity Fund – P7.5 billion; 3) budgetary support to GOCCs – P7.5 billion; 4) special shares of LGUs from the proceeds of National Wealth – P4.3 billion; 5) customs duties and taxes – P3.2 billion; 6) Basic Educational Facilities Fund of the DepEd – P1.1 billion; 7) augmentation of the Quick Response Fund of DepEd and DPWH to cover the replacement and rehabilitation of classrooms damaged by Typhoon Pablo – P1.0 billion.

Year-on-Year Performance

Spending as of May continued to outperform last year's level with the improvement in the disbursement performance under the following accounts:

- PS rose by P25.8 billion or 12.2 percent from its year-ago level largely due to the annualized salary adjustments as a result of the implementation of the Salary Standardization Law III, and the allocation for the honoraria of Provincial, City and Municipal Board of Canvassers, the per diems for the Board of Election Inspectors, and wages for contractual, casual and emergency personnel involved in the conduct of the 2013 National and Local Elections. Claims for retirement gratuity and terminal leave benefits also increased this year by almost P5 billion.
- Maintenance expenditures were up by P24.2 billion or 25.1 percent to P120.2 billion. This includes releases for increased allocation for most social protection programs such as the Conditional Cash Transfer Program, Supplemental Feeding Program, and the Self-Employment Assistance – Kaunlaran (SEA-K) Program, as well as releases for the DOT's Branding Campaign Program, and for this year's requirements for the Census of Agriculture and Fisheries (CAF) and the Registry System for Basic Sectors in Agriculture (RSBSA). In addition, the amount includes expenses for the 2013 National and Local Elections to cover items such as, but not limited to, printing, supply and delivery of official ballots, deployment expenses, Broadband and Global Area Network (BGAN), and supply and delivery of ballot boxes.

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

Particulars	January to May		Increase/Decrease	
	2012	2013	Amount	%
Current Oper. Exp.	554.0	620.3	66.3	12.0
PS	211.9	237.7	25.8	12.2
MOOE	96.1	120.2	24.2	25.1
Subsidy	12.0	10.0	(2.0)	(16.3)
Allotment to LGUs	91.1	100.8	9.7	10.6
IP	131.0	138.7	7.7	5.9
TEF	12.0	12.9	0.9	7.7
Capital Outlays	106.5	135.0	28.6	26.8
Infra & Other CO	77.1	104.6	27.5	35.6
Equity	0.9	0.3	(0.6)	(63.1)
Cap. Transfers to LGUs	28.5	30.1	1.6	5.8
CARP-LO	-	-	-	-
Net Lending	7.9	(4.2)	(12.1)	(153.0)
TOTAL	668.4	751.2	82.8	12.4

¹ Based on the report on the Status of the FY 2013 Budget as of May 31, 2013

- Similarly, capital spending grew strongly to P104.6 billion, P27.5 billion or 35.6 percent higher than the comparable 2012 level. More than half of the total disbursement for CO is attributed to the P60.0 billion worth of payments² made by DPWH to its suppliers/contractors of government infrastructure projects. Furthermore, releases for DOTC's current year payables for its locally-funded projects, for the non-power component of the San Roque Multi-Purpose Project payable to NPC/PSALM, and for DA's farm-to-market road projects, also contributed to the expansion in CO.
- Interest payments (IP) increased by P7.7 billion or 5.9 percent which can be fully attributed to the IP on domestic borrowings, specifically semi-annual interest on fixed rate treasury/benchmark bonds issued last year, as well as interests on bonds issued in the first quarter of this year. In terms of its share in disbursements, IP as a percentage of total disbursements declined this year at 18.5 percent, compared to the comparable ratio last year of 19.6 percent.

However, the decline in spending in the following expense items slightly tempered the growth recorded in the above accounts:

- Subsidies to GOCCs slowed down a bit by P2.0 billion with the reprogramming of releases for NFA this year given the delayed submission of documentary requirements. While in 2012, partial releases for the NFA subsidy was made as early as April.
- Net lending was lower than the 2012 level largely by the amount of repayments made by PSALM to the national government for the availments that they made last year.

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 May*	Balance	
			Amount	%
Original Program	2,005.9	1,525.6	480.3	23.9

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

Of the P2,005.9 billion obligation program for the year, about 76 percent has been released, hence a program balance of almost 24 percent or equivalent to P480.3 billion remains to be released for the rest of the year. Some P254.9 billion is earmarked for items that are automatically appropriated such as interest payments, tax subsidies, net

lending and tax refunds. The remaining P225.5 billion is intended for items under the department-specific appropriations and special purpose funds, for which submission of documentary requirements and clearances is required. Of this balance, P112.3 billion will be used to cover retirement benefits, creation of new positions, filling-up of unfilled positions, Productivity Enhancement Incentive (programmed in December), and the Performance-Based Bonus. The balance also includes unreleased allocation for some big-ticket items such as transfers to GOCCs including the premium subsidy to the PHIC for the National Health Insurance Program (P47.4 billion), various locally-funded projects of the DPWH (P15.3 billion), Priority Development Assistance Fund (P15.2 billion), Calamity Fund (P7.4 billion), AFP Modernization Fund (P5.0 billion), PPP Support Fund under the DOTC (P3.8 billion), farm-to-market road projects of the DA (P2.7 billion), and DOE's Market Transformation through Energy Efficient Electric Vehicles Project (P2.6 billion).

The policy of having a one-year validity of appropriations did not only aim for faster budget execution per se, but also to instill the culture of efficiency and timeliness in every process involved in fund utilization – from planning to program implementation/project completion, including payment to suppliers. It is for this reason that rigorous monitoring of government performance is being done to maximize utilization of government resources. As an important tool in monitoring performance, the harmonized financial accountability reports prescribed in COA-DBM Joint Circular No. 2013-1 dated March 15, 2013 aim to enable departments/agencies to submit timely, complete and accurate reports of financial performance, by removing duplications and harmonizing differences in the accountability reports required by COA and DBM.

² Based on the Consolidated Report of Disbursements, submitted monthly by DPWH to DBM from January to May 2013.