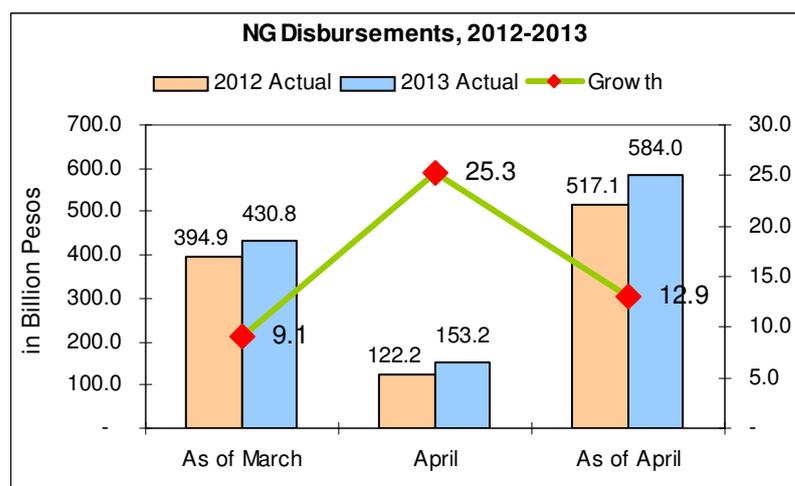


ASSESSMENT OF NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE FOR APRIL 2013

National government disbursements reached P584.0 billion as of April, exceeding last year's disbursements for the same period by 12.9 percent. This spending performance also outpaced the growth recorded in the first quarter of this year by almost 4 percentage points, as spending for maintenance expenditures and capital outlays continued to rise. In April alone, spending grew by 25.3 percent year-on-year to reach P153.2 billion. This is nearly P10 billion higher than the average monthly disbursements recorded in the first three months of the year.



Likewise, cash disbursements for the month surpassed the outturn last year by 15.8 percent. It amounted to P113.5 billion which brings the cumulative cash disbursement level to P402.8 billion as of April, 17.5 percent higher than the year-ago levels. Although the cumulative NCA utilization for the four-month period ended at 87.1 percent, lower than last year's utilization rate of 90.0 percent, faster fund absorption was observed among government agencies as reflected by the increasing NCA utilization rate of 94.2 percent this April compared to the 75.5 percent in January, 82.8 percent in February and 90.0 percent in March. Non-cash disbursements meanwhile grew by 63.7 percent in April amidst higher expenditures intended for tax subsidies in the amount of P8.1 billion to cover basic VAT liabilities of the Power Sector Assets and Liabilities Management (PSALM) Corporation to the Bureau of Internal Revenue (BIR) for FYs 2010 and 2011 arising from collections/revenues from IPP administrators (IPPA), IPPA generation payments, interest income from asset sale receivables, fees from privatization and other income. The level of non-cash disbursements in April also include P6.3 billion in interest payments (IP) for domestic securities due in March but were paid in April in view of closed operations in government and financial markets during the Holy Week. Even with this expansion in IP, its share to total disbursements continued to decrease to 20.9 percent as of April this year, the lowest at least in the last eight years (average share from 2005-2012 is 28.1 percent).

Table 1
Comparison of Actual Disbursements vs. NCA, 2012-2013

in billion pesos, unless otherwise indicated

Particulars	As of March				April				As of April			
	2012	2013	Inc./ (Dec.)		2012	2013	Inc./ (Dec.)		2012	2013	Inc./ (Dec.)	
			Amount	%			Amount	%			Amount	%
NCA	244.6	289.2	44.6	18.2	98.0	113.5	15.5	15.8	342.7	402.8	60.1	17.5
<i>% of Effective NCA</i>	<i>90.2</i>	<i>84.6</i>			<i>89.4</i>	<i>94.2</i>			<i>90.0</i>	<i>87.1</i>		
Non-NCA	150.2	141.6	(8.7)	(5.8)	24.2	39.7	15.4	63.7	174.5	181.2	6.8	3.9
Total	394.9	430.8	35.9	9.1	122.2	153.2	31.0	25.3	517.1	584.0	66.9	12.9

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

Memo Items:

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

As of Apr. 2012	380.9	As of Apr. 2013	462.5
As of Mar. 2012	271.4	As of Mar. 2013	342.0
April 2012	109.6	April 2013	120.5

Allotment Releases

As of April 2012	1,273.5	70% of the P1.816 trillion obligation program
As of April 2013	1,464.2	73% of the P2.006 trillion obligation program

Source: Budget Technical Service (BTS)

In terms of allotment releases¹, P1,464.2 billion or 73 percent of the P2,006 billion obligation program was released to departments/agencies during the first four months of 2013. This is higher by 15.0 percent compared to the allotment releases of P1,273.5 billion for the same period last year which corresponds to 70 percent of the P1,816.0 billion obligation program for 2012. In addition to the releases made in the first quarter as indicated in the previous reports, P21.7 billion was released from the Pension and Gratuity Fund (PGF) to cover the pension requirements (P18.8 billion) and retirement gratuity and terminal leave benefits (P2.3 billion) of retired employees; P1.3 billion from the Miscellaneous Personnel Benefits Fund (MPBF) to cover the requirements for the creation of new positions and filling-up of unfilled positions, performance based bonus and other PS deficiency; P957.0 million as subsidy to GOCCs; and P26.6 billion from the automatic appropriations, mostly for IP for domestic and foreign borrowings (P25.6 billion).

Year-on-Year Performance

In addition to the significant expansion in IP and tax subsidies as pointed out earlier, other sources of the year-on-year growth in disbursements as of April are as follows:

- Personal Services (PS) increased by P18.4 billion or 11.6 percent to P177.7 billion mainly on account of the salary adjustments due to the implementation of the last tranche of the Salary Standardization Law III, higher retirement gratuity and terminal leave benefits (P10.9 billion this year compared to P7.6 billion as of April 2012), and remuneration of honoraria and per diems of employees involved in the preparation activities for the FY 2013 Synchronized National, Local and ARMM elections.

Particulars	January to April		Increase/Decrease	
	2012	2013	Amount	%
Current Oper. Exp.	441.7	495.3	53.6	12.1
PS	159.3	177.7	18.4	11.6
MOOE	75.1	97.9	22.8	30.4
Subsidy	8.4	5.2	(3.2)	(37.9)
Allotment to LGUs	72.9	80.6	7.7	10.6
IP	114.6	122.0	7.4	6.4
TEF	11.4	11.8	0.4	3.7
Capital Outlays	71.5	96.2	24.8	34.7
Infra & Other CO	52.0	75.2	23.3	44.8
Equity	-	0.2	0.2	
Cap. Transfers to LGUs	19.5	20.8	1.3	6.6
CARP-LO	-	-	-	
Net Lending	4.0	(7.5)	(11.5)	(288.9)
TOTAL	517.1	584.0	66.9	12.9

- Maintenance spending also grew by P22.8 billion or 30.4 percent with the impact of preparatory activities for the elections on top of the increased provision for the Conditional Cash Transfer (CCT) Program of the Department of Social Welfare and Development (DSWD) covering up to Set 6 beneficiaries, and the conduct of Census of Agriculture and Fisheries by the National Statistics Office (NSO), as mentioned in our previous reports.
- Likewise, spending for infrastructure and other capital outlays (CO) surged to P75.2 billion, P23.3 billion or 44.8 percent higher than last year's level, which can be broken down into current year payables (P57.2 billion) and encashment of checks issued in 2012 (P18.0 billion). Of the amount of current year payables, around P40 billion represents actual disbursements² for projects of the Department of Public Works and Highways (DPWH). Other significant disbursements under CO are for the irrigation projects of the Department of Agriculture (DA), as well as infrastructure and facilities enhancement projects of the Department of Education (DepEd) and Department of Health (DOH).

The growth in the abovementioned accounts were partially subdued by the contraction under the following expense items:

- Transfers to GOCCs in the form of operational subsidies were lower at P5.2 billion, equivalent to 37.9 percent decrease, as the subsidy for the procurement of palay and corn by the National

¹ Based on the report on the Status of the FY 2013 Budget by the DBM-Budget Technical Service

² In terms of actual negotiated checks based on reports from government-servicing banks (LBP, DBP and PVB)

Food Authority (NFA) and the subsidy for the health insurance premium of indigents under the National Health Insurance Program (NHIP) remain unreleased as of April due to non-submission of special budget requests with complete documentary requirements.

- Net lending also declined by P11.5 billion due to the P12.3 billion in repayments made by the PSALM, which was slightly offset by the advances provided to the Light Rail Transit Authority (LRTA) for its debt servicing requirements, bulk of which are for JBIC loans.

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 April*	Balance	
			Amount	%
Original Program	2,005.9	1,464.2	541.7	27.0

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

Source of basic data: BTS

Of the P2,006.0 billion obligation program for the year, only about 27 percent or equivalent to P541.7 billion remains to be released for the rest of the year. Some P249.0 billion is intended for items under the general appropriations which include implementation of programs and projects of agencies as well as expenditure items under the special purpose funds. The release of which

require submission of special budget requests including pertinent documentary requirements and clearances from implementing agencies. Nearly half of this unreleased appropriations is for PS (P120.4 billion) to cover retirement and terminal leave benefits, creation of new positions, filling-up of unfilled positions, and other personnel benefits such as the Performance-Based Bonus and the Productivity Enhancement Incentive. Other big ticket items under the program balance include DPWH road and bridge construction projects (P14.0 billion), requirements of Basic Educational Facilities under DepEd (P6.6 billion), banner programs of DA (P5.0 billion) and the AFP Modernization Fund (P5.0 billion). The remaining P292.6 billion meanwhile is provided for items that are automatically appropriated such as debt service, tax subsidies, net lending and tax refunds.

The government sees that the momentum in spending shown during the first four months of this year will continue as a result of the implementation of various expenditure reforms by the oversight and implementing departments/agencies (i.e., the one-year validity of all appropriations, the policy against lump sum funds, procurement innovations that enable the early tender of projects, issuance of cash allocations to fully support the List of Due and Demandable Accounts Payable (LDDAP), etc). Nonetheless, the monitoring of the performance of spending agencies through the Account Management Teams (AMT) shall be continued to facilitate timely implementation/execution of programs and projects, which are essential in sustaining the growth momentum.