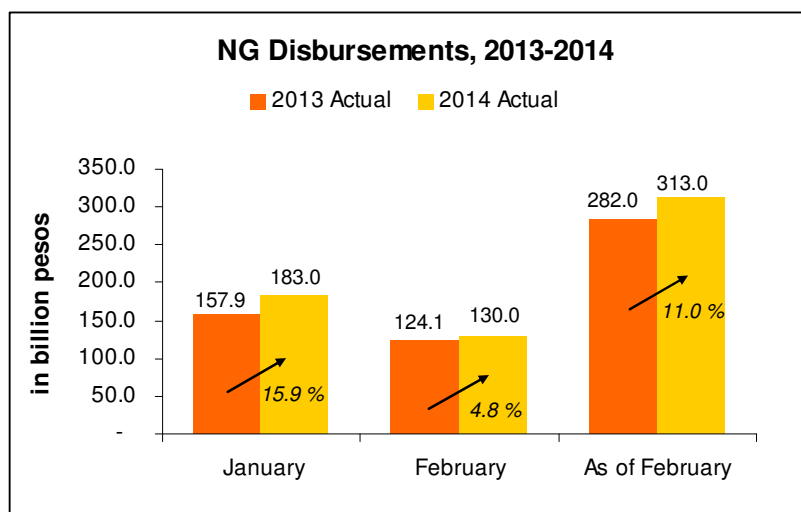


ASSESSMENT OF NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE FOR FEBRUARY 2014



The national government spent P130.0 billion in February, bringing the cumulative spending for the first two months of the year to P313.0 billion, P31.0 billion or 11.0 percent higher than the P282.0 billion disbursed last year. With the strong support of and coordination within the cabinet clusters, some of the implementation bottlenecks adversely affecting also the

spending performance of the agencies have been identified and addressed appropriately. Hence, the disbursement performance consistently showed an increase in spending for the first two months of this year, particularly on infrastructure and other capital outlays where procurement problems and other bottlenecks were frequently noted.

For the month of February, the 4.8 percent expansion in spending is attributed to the increase in NCA payments made by some departments mostly for infrastructure projects and compensation and other benefits. Among those departments are: DA (from P2.4 b to P6.3 b), DepEd (from P16.3 b to P20.3 b); DND (from P9.5 b to P11.3 b), DOH (from P1.6b to P2.2 b) and DOTC (from P1.0 b to P1.5 b) as indicated in the bank reports.

Table 1
Comparison of Actual Disbursements vs. NCA, 2013-2014
in billion pesos, unless otherwise indicated

Particulars	January				February				As of February			
	2013	2014	Inc./Dec.		2013	2014	Inc./Dec.		2013	2014	Inc./Dec.	
			Amount	%			Amount	%			Amount	%
NCA	76.6	72.4	(4.2)	(5.5)	97.1	106.6	9.5	9.8	173.7	179.0	5.3	3.1
<i>% of Effective NCA</i>	<i>75.2</i>	<i>63.1</i>			<i>82.8</i>	<i>88.5</i>			<i>79.2</i>	<i>76.1</i>		
Non-NCA	81.3	110.7	29.4	36.1	27.0	23.4	(3.6)	(13.4)	108.3	134.0	25.7	23.8
Total	157.9	183.0	25.1	15.9	124.1	130.0	5.9	4.8	282.0	313.0	31.0	11.0

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. 2013	219.2	As of Feb. 2014	235.2
January 2013 (adj)	101.9	January 2014	114.7
February 2013	117.3	February 2014	120.5

Allotment Releases

As of Feb. 28, 2013	1,359.8	68% of the P2.006 trillion obligation program
As of Feb. 28, 2014	1,443.4	64% of the P2.264 trillion obligation program

Source: Budget Technical Service (BTS)

It can be seen in Table 1 that the NCA utilization rate increased significantly from 63.1 percent in January to 88.5 percent this month as agencies were also authorized to issue MDS checks as one of the modes of payment. Notwithstanding the continuing use of MDS checks for payment, there was a significant decrease in the magnitude of the outstanding

checks by P12.8 billion or 47.1 percent compared to the P27.1 billion registered for the same period last year. The cumulative utilization of NCAs stood at P179.0 billion, or 76.1 percent of the P235.2 billion NCAs (credited for January and February) issued as of February. In contrast, the Non-NCA disbursements recorded for the month decreased by 13.4 percent to P23.4 billion mainly on account of the lower outturn for net lending, thereby reducing the percentage increase from 36.1 percent in January to 23.8 percent as of February.

The additional allotments issued for the month of February amounted to P10.4 billion per BTS report. Among the releases made were for the following purposes: a) P4.4 billion for payment of pension, retirement and terminal leave benefits chargeable against Pension and Gratuity Fund, b) P2.4 billion for the expenditures of various departments chargeable against earmarked revenues under the Special Account in the General Fund, c) P1.2 billion to cover the creation and filling up of positions and other benefits of DepEd, DOH, and DSWD, among others, chargeable against Miscellaneous Personnel Benefits Fund (MPBF) and d) P584.7 million to DA to cover the restoration/rehabilitation /repair of existing Farm-to-Market Roads. Notwithstanding the additional release, cumulative allotments as of February went down by one percentage point to 64 percent from 65 percent in January, 2013. This was due to the withdrawal of the P54.6 billion allotment for the Conditional Cash Transfer Program in February which will be transferred to the Central Office of the DSWD from its Regional Offices. The pooling of resources at the central office was requested by DSWD to ensure the strict observance of the prescribed internal controls by its Regional Offices and the proper allocation of the implementation costs of the CCT program in view of the conversion of the 9,030 job order positions to contractual positions coterminous to the project and the effect of the Congressional Initiative to increase the budget for Cash Grants by P336 million.

Year-on-Year Performance

- Spending for the salaries and other personnel benefits of government employees reached P87.6 billion as of February 2014. This is P3.2 billion or 3.7 percent more when compared to the same period last year mainly on account of the payment of salaries for new teaching positions of the DepEd created and filled in 2013, payment of magna carta benefits of public health and social workers, increase in pension claims and base pay of uniformed personnel, as well as releases for the incentives of employees who have availed of the rationalization program.

Table 2: Disbursements by Expense Class, 2013 vs. 2014
in billion pesos, unless otherwise indicated

Particulars	January-February		Increase/Decrease	
	2013	2014	Amount	%
Current Oper. Exp.	247.6	250.3	2.7	1.1
PS	84.5	87.6	3.2	3.7
MOCE	47.0	43.9	(3.1)	(6.6)
Subsidy	2.1	0.9	(1.3)	(59.3)
Allotment to LGUs	40.3	45.5	5.2	13.0
JP	72.8	72.3	(0.4)	(0.6)
TEF	0.9	0.0	(0.9)	(96.8)
Capital Outlays	44.0	61.3	17.2	39.1
Infra & Other CO	33.3	49.8	16.4	49.2
Equity	0.1	0.1	(0.0)	(14.7)
Cap. Transfers to LGUs	10.6	11.4	0.8	8.0
CARP-LO	-	-	-	-
Net Lending	(9.6)	1.5	11.1	115.5
TOTAL	282.0	313.0	31.0	11.0

- Infrastructure spending remained upbeat at P49.8 billion for the first two months of 2014, with a spike of 49.2 percent or P16.4 billion more than the P33.3 billion recorded as of February last year. This growth is mostly attributed to the cash requirements of the post-harvest development services of the DA, the AFP Modernization Program of the DND, the carry-over disbursements for various infrastructure projects under the DPWH, transport infrastructure projects of the DOTC (e.g., renovation of NAIA Terminal 1) and

the health facilities enhancement program of the DOH. Also expanding the growth in capital outlays were the releases made for various local infrastructure development programs in the ARMM such as the PAMANA program and Health, Education, Livelihood, Peace and Governance, and Synergy or H.E.L.P.S program (e.g., constructions of multi-purpose covered court, barangay hall, market or *bagsakan* facilities and sitio electrification).

- Relending to GOCCs increased by more than 100 percent on account of the lower repayments, particularly of PSALM at only P1.9 billion as of February this year compared to the P12 billion repayments for the same period in 2013. Additional advances to various government corporations such as NLRC, NIA-Casecan, among others, between January to February this year also contributed to the hike in net lending.
- Support to LGUs posted a cumulative growth of 12 percent from the P50.9 billion to P56.9 billion for the same period as a result of larger IRA shares of LGUs this 2014.

On the other hand, the contraction in the MOOE, subsidy, interest payments, tax expenditure fund, and equity payments narrowed the gain in the disbursements.

- Maintenance and other operating expenses were lower by 6.6 percent or P3.1 billion when compared to the P47.0 billion disbursements as of February last year on account of one-time non-recurring expenditures in 2013, such as the 2013 synchronized national, local and ARMM elections and various surveys and periodic statistics of NSO (e.g., Census of Agriculture and Fisheries). Moreover, lower disbursements recorded for the CCT program of the DSWD¹ and delays in payment of utility expenses in the first two months of the year because of the shift to the ADA payment facility also contributed to the decline.
- Likewise, subsidy to GOCCs also declined by P1.3 billion or 59.3 percent from P2.1 billion in the same period last year due to the absence of the huge subsidies extended in 2013 to NHA for housing and to NKTI for the payment of NHA lot chargeable against its 2012 continuing appropriations.
- Interest payments were slightly down to P72.3 billion, 0.6 percent or P431 million lower than the P72.8 billion paid as of February last year, with the decrease in the servicing requirements for the fixed rate T/Bonds from P38.5 billion to P37.3 billion due to the lower or near zero rates of T/Bonds auctioned in 2013.

Outlook for the Rest of the Year

Table 3: Status of 2014 Allotment Releases

in billion pesos, unless otherwise indicated

Particulars	Program	Releases as of February*	Balance	
			Amount	%
Original Program	2,264.6	1,443.4	821.2	36.3

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

Source of basic data: BTS

With the additional release and the withdrawal in February of the P54.6 billion per request of the DSWD to effect the transfer of funds from its Regional Office to its Central office, the remaining program balance was adjusted to P821.2 billion from the

¹ Cash grants were programmed in advance between January and March 2013 in anticipation of the election ban. For this year, cash grants were already programmed at the regular monthly interval and no amount is considered for the month of February.

P791.5 billion reported in January. Of the program balance, 42.6 percent or P350.0 billion represents items that are automatically appropriated such as interest payments, net lending, and tax expenditures. As stated in the previous report, the remaining unreleased appropriations will be released within the year, subject to the special budget requests to be submitted by departments/agencies with complete documentary requirements and clearances.

As noted earlier, the government sees substantial improvement in the fund absorption of departments/agencies in terms of NCA utilization from a rate of 63.1 percent in January to 88.5 percent in February, as a result of back-to-back reforms, particularly in the area of facilitating settlement of due and demandable payables - the Expanded Modified Direct Payment System and the quarterly lapsing of NCAs. As these initiatives gradually sink into the internal processes of departments/agencies, we expect that the improvement in their financial performance will carry on in the coming months.