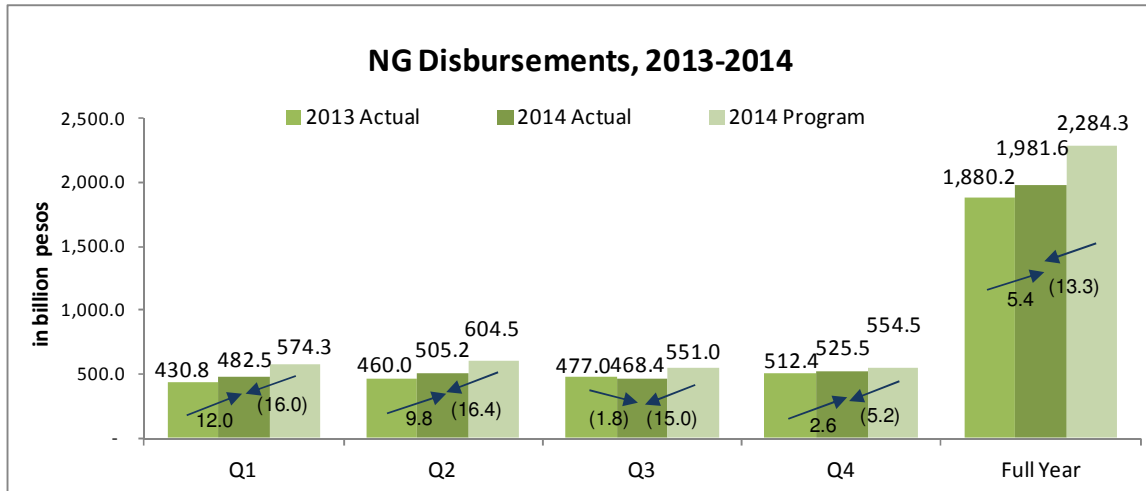


ASSESSMENT OF NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE AS OF DECEMBER 2014

Total national government spending for 2014 reached P1,981.6 billion, higher than the 2013 disbursement level of P1,880.2 billion by P101.5 billion or 5.4 percent, which compares favorably with the 5.8 percent expenditure growth in 2013. Netting out interest payments (IP), the cumulative growth in disbursements was at a relatively higher rate of 6.7 percent, resulting from a slight year-on-year decrease in IP of about 0.7 percent. The cumulative improvement in spending was largely driven by subsidies to GOCCs; higher Internal Revenue Allotment (IRA) for LGUs; tax expenditure subsidies for GOCCs and NGAs; and the combined increase of 7.3 percent in productive expenditures such as Maintenance and Other Operating Expenditures (MOOE) and Infrastructure and Other Capital Outlays (CO).



As shown in Table 1, based on the consolidated bank reports, the bulk of this year-on-year growth was due to the increase in spending through the use of NCAs of about P80.0 billion or 5.6 percent. This was largely evident in the higher NCA disbursements (i.e., negotiated checks) by DepEd (P260.8 billion in 2014 from P246.0 billion in 2013), DILG (P130.2 billion from P118.9 billion), DSWD (P68.0 billion from P57.5 billion), DPWH (P147.9 billion from P139.2 billion), DND (P140.0 billion from P133.7 billion), and DOH (P36.0 billion from P29.8 billion).

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

Particulars	Q1-Q3	Q4							Full Year						
	2014	2013	2014				2013 vs. 2014		2013	2014				2013 vs. 2014	
	Actual	Actual	Prog.	Actual	Deviation		Inc./(Dec.)		Actual	Prog.	Actual	Deviation		Inc./(Dec.)	
					Amount	%	Amount	%				Amount	%	Amount	%
NCA	1,074.9	411.9	444.6	426.8	(17.8)	(4.0)	14.8	3.6	1,421.7	1,768.1	1,501.7	(266.4)	(15.1)	79.9	5.6
% of Eff. NCA	86.7	91.1		92.1					91.3		88.1				
Non-NCA	381.2	100.4	109.9	98.8	(11.1)	(10.1)	(1.7)	(1.7)	458.4	516.2	480.0	(36.3)	(7.0)	21.6	4.7
Total	1,456.1	512.4	554.5	525.5	(28.9)	(5.2)	13.2	2.6	1,880.2	2,284.3	1,981.6	(302.7)	(13.3)	101.5	5.4

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

Memo Items:

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

As of December		4th Quarter	
2013	1,557.9	2013	452.0
2014	1,703.7	2014	463.6

1st-3rd Quarters, 2014 1,240.1

Allotment Releases

As of December 2013	2,001.2	representing 99% of the P2.021 trillion obligation program (including P14.6 billion Supplemental Budget)
As of December 2014	2,220.4	representing 97% of the P2.287 trillion obligation program (including P22.5 billion Supplemental Budget)

Source: Budget Technical Service (BTS)

On the other hand, the cumulative disbursement outturn was lower than the programmed spending for the year by about P302.7 billion or 13.3 percent which compared with the relative size of underspending in 2013 of 5.2 percent. This 2014 performance was caused by a combination of bigger savings in IP and net lending (P43.1 billion in 2014 against P6.6 billion in 2013) which reflects the prudent debt management by the DOF and the BTr; and the deterioration of agency spending performance in 2014 indicated by the lower NCA utilization rate¹ from 91.3 percent in 2013 to 88.1 percent in 2014 (as shown in Table 1), and the decline in fund absorption or obligation rates² from 89.8 percent in 2013 to 80.3 percent in 2014.

Among the departments which registered the largest underspending in terms of magnitude are DPWH, DepEd, DSWD, DILG, DA, DOH, DOTC, DAR and DENR. The extent of underperformance by these departments accounted for the P175.4 billion or nearly 58.0 percent of the total underspending in 2014.

The DBM conducted consultation meetings with these departments to determine the reasons behind their below par disbursement performance, as well as to discuss catch-up measures for FY 2015. Based on these meetings, the low disbursement outturn can be mostly attributed to the delays introduced by additional procedures required by the FY 2014 General Appropriations Act (GAA) for transparency and accountability; additional restrictions on the use of savings and realignments as a result of the Supreme Court (SC) ruling on the Disbursement Acceleration Program (DAP); structural weaknesses within the departments demonstrated by poorly prepared projects, project implementation difficulties and procurement issues; as well as other reasons that are said to be beyond the control of the departments/agencies (e.g., unforeseen circumstances, unfavorable weather conditions, and peace and order situation).

Fourth Quarter (Q4) Disbursement Performance

As can be gleaned from Table 1, there was a marked improvement in the NCA utilization rate in Q4, from an average of 86.7 percent in the first three quarters to 92.1 percent in Q4. The faster utilization rate pushed NCA disbursements to increase in the last quarter of the year by P14.8 billion or 3.6 percent, rebounding from a 1.8 percent spending contraction in Q3. This reflects the improved spending on Personnel Services (PS), aided by the releases for employee bonuses and productivity incentives; accelerated disbursements for MOOE and CO, partly tempering the setbacks in the past quarters; and catching-up on tax subsidies to GOCCs particularly for NFA. The growth in Q4 could have been more if not for the contractions recorded for the period under the following items: 1) subsidies to GOCCs as compared with 2013 on account of government's response to ease the impact of Typhoon Yolanda; 2) equity contributions to GOCCs with the release of the P10 billion final installment of NG capitalization to BSP in December 2013; and 3) the P9.4 billion deceleration in net lending to GOCCs due mainly to the non-recurring advances made to the HGC in November 2013.

Albeit lower than program, it is worth noting that NCA disbursements accelerated in Q4 to 92.1 percent from the Q1-Q2 average utilization rate of 86.7 percent. As a result of this

¹ The level of disbursements through the use of NCAs divided by the amount of NCAs issued by the DBM for the period. Kindly note that "NCA disbursement" in this report refer to the actual amount of checks issued by government agencies and negotiated by creditors in government-servicing banks (or transferred in creditor's accounts in the case of the direct payment scheme).

² The level of obligations incurred by national government agencies over the allotments released by the DBM for the period. Data was based on the preliminary DBM consolidated report on the Statement of Allotments, Obligations and Balances (SAOB) posted on the DBM website.

improvement, the underspending in Q4 was considerably tapered to 5.2 percent from the average underperformance of 15.8 percent as of the third quarter.

Allotment Releases

As of end-December 2014, of the obligation program of P2,264.6 billion, approved by Congress in the FY 2014 GAA or R.A. No. 10633, the allotments made available to the departments/agencies which enabled them to enter into commitments or obligations amounted to P2,220.4 billion or 98 percent of the total obligation program. This is higher by 10.9 percent compared to the allotment releases of P2,001.2 billion in 2013.

More specifically, allotments were released for 96.3 percent of the agency-specific budgets in the FY 2014 GAA, 88.1 percent of Special Purpose Funds (SPFs), and 98.9 percent of Automatic Appropriations, which was mostly for IP and IRA. On top of this program is a P22.5 billion Supplemental Budget under R.A. No. 10652 which was enacted by Congress to fund urgent and important projects of the government. However, since the said budget was only approved on December 23, 2014, the same is carried forward in full to 2015 as continuing appropriations and is valid for obligation until December 31, 2015.

The top five departments who received the biggest share in the 2014 total allotment releases were as follows: 1) DepEd with actual releases of P298.3 billion or 99.2 percent of the department's budget allocation; 2) DPWH with allotments worth P257.9 billion or 90.8 percent of its obligation program; 3) DILG ranked third with P151.0 billion in allotment releases or 99.5 percent of its annual appropriations; 4) DND - P141.7 billion or almost 100 percent of its programmed budget; and 5) DSWD placed fifth with releases amounting to P99.0 billion representing almost its entire budget. The allotment releases for these major departments account for 42.7 percent of the P2,220.4 billion total allotments issued for the year.

Year-on-Year Performance

The major sources of year-on-year growth in disbursements are as follows:

- PS grew by P21.9 billion or 3.8 percent year-on-year largely on account of the increase in requirements of DepEd corresponding to the annualized salaries and benefits of the 58,734 teaching positions created and filled in 2013, as well as the funding requirements for the 29,776 positions filled in 2014 out of the 33,006 positions created for the year. In addition, funding for the

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

Particulars	2013	2014	Increase/Decrease	
	Actual	Actual	Amount	%
Current Oper. Exp.	1,519.2	1,616.7	97.5	6.4
PS	581.7	603.6	21.9	3.8
MOOE	282.9	308.7	25.8	9.1
Subsidy	66.3	80.4	14.1	21.3
Allotment to LGUs	241.8	273.2	31.4	13.0
IP	323.4	321.2	(2.2)	(0.7)
TEF	23.0	29.5	6.5	28.3
Capital Outlays	344.3	351.5	7.2	2.1
Infra & Other CO	261.8	276.0	14.1	5.4
Equity	11.5	1.7	(9.7)	(84.8)
Cap. Transfers to LGUs	71.0	73.8	2.8	3.9
CARP-LO Comp.	-	-	-	-
Net Lending	16.6	13.4	(3.2)	(19.4)
TOTAL	1,880.2	1,981.6	101.5	5.4

creation and recruitment of 13,000 Police Officer I positions and 1,200 Fire Officer I positions were provided in 2014 along with the P4.6 billion in retirement/separation incentives and benefits for rationalized personnel under the offices of DAR, DA and DENR.

- Maintenance spending reached P308.7 billion, higher by P25.8 billion or 9.1 percent from the 2013 level of P282.9 billion. This was essentially driven by the increased investments

in major social protection services particularly the DSWD's Pantawid Pamilyang Pilipino Program (4Ps) which was expanded by 41.3 percent to cover 4,309,769 households under the regular conditional cash transfer (CCT) program from 3,809,769 beneficiaries in 2013, and additional requirements to cover 131,963 homeless families. Other programs of the DSWD that were expanded in 2014 were the Supplemental Feeding Program (from P3.0 billion in 2013 to P4.2 billion in 2014) which provides food to targeted children-beneficiaries and the Social Pension (SP) for Indigent Filipino Senior Citizens (from P1.5 billion in 2013 to P3.1 billion in 2014) which entitles poor senior citizens to a monthly pension of P500 to augment their daily subsistence and other medical needs. On top of this is the amount of P4.3 billion released to the DSWD for the Emergency Shelter Assistance of LGUs in Yolanda-affected areas. This program provides cash assistance to families whose houses were either totally or partially destroyed/ damaged by Typhoon Yolanda, and have no permanent source of income or whose income is below the poverty threshold.

Other contributing factors to the increase in MOOE were the higher requirements allotted to DOH for the operation of special hospitals, medical centers and activities for Disease Prevention Control, as well as the P3.2 billion Medical Assistance Program for indigent patients, who are either confined or seeking outpatient services in government hospitals.

- Support to GOCCs in terms of subsidies surpassed the year-ago level by P14.1 billion or 21.3 percent owing to the P35.3 billion subsidy for health insurance premium of 14.7 million poor and near-poor families to be covered under the National Health Insurance Program of the PHIC. However, this increase was partly subdued by the impact of releases made in 2013 for NEA, NIA, and PCA for the rehabilitation and restoration of calamity-affected areas.
- Allotment and capital transfers to LGUs expanded by P34.2 billion or 10.9 percent chiefly on account of the higher IRA share of LGUs following a larger tax base.
- Tax expenditure subsidies paid by national government agencies and GOCCs to BIR and BOC rose to P29.5 billion, P6.5 billion or 28.3 percent more than the 2013 actual level. This was brought about by the combined impact of the smaller allocation for the PDIC given that its 5-year entitlement to tax subsidy expired in June 2014 in accordance with R.A. No. 9576 (PDIC Charter), and the increase in tax subsidies to NFA which amounted to almost P11.0 billion in 2014 corresponding to the importation of 1.3 million metric tons of rice that year.
- Disbursements under CO increased by only P14.1 billion or 5.4 percent to P276.0 billion in 2014. This was mostly on account of the higher releases for the infrastructure development programs of the DOTC (P11.4 billion in 2014 NCA releases compared to P4.6 billion in 2013), and the P4.9 billion allocation for DND to cover the requirements of the F/SA/LIFT aircraft acquisition project including the purchase of communications security equipment and buyer-enhanced furnished equipment under the Revised AFP Modernization Program.

However, this expansion was partly weakened by the decline in the following expenditure items:

- As earlier mentioned, equity contributions to GOCCs dropped by P9.7 billion or nearly 85 percent to P1.7 billion in 2014 primarily due to the non-recurring release of P10 billion in December 2013 which already covered in full the balance of NG share in the capitalization of the BSP.

- Net lending to GOCCs also decelerated in 2014 by P3.2 billion or 19.4 percent with the decrease in NG advances for NFA as it opted to refinance and maximize the available credit lines from government financial institutions for its maturing bond obligations, and for NLRC given the accelerated payment of its China EximBank loan in 2013.

Performance vs. Programmed Levels

The substantial shortfall of P302.7 billion or 13.3 percent against the disbursement targets was mainly accounted for by the following:

- PS closed at P603.6 billion, or 8.8 percent below program, primarily due to the unutilized funds from unfilled positions, and creation of new positions, as well as the unreleased allocations for lump-sum PS items such as the Miscellaneous Personnel Benefits Fund (MPBF) and the Pension Gratuity Fund (PGF).

Table 3: Disbursements by Expense Class, Program vs. Actual
in billion pesos, unless otherwise indicated

Particulars	2014		Deviation	
	Program	Actual	Amount	%
Current Oper. Exp.	1,800.9	1,616.7	(184.2)	(10.2)
PS	661.5	603.6	(57.9)	(8.8)
MOOE	374.6	308.7	(65.9)	(17.6)
Subsidy	109.0	80.4	(28.6)	(26.2)
Allotment to LGUs	273.2	273.2	-	-
IP	352.7	321.2	(31.5)	(8.9)
TEF	29.9	29.5	(0.3)	(1.2)
Capital Outlays	458.4	351.5	(106.9)	(23.3)
Infra & Other CO	365.2	276.0	(89.2)	(24.4)
Equity	3.3	1.7	(1.6)	(47.4)
Cap. Transfers to LGUs	84.9	73.8	(11.1)	(13.1)
CARP-LO Comp.	5.0	-	(5.0)	(100.0)
Net Lending	25.0	13.4	(11.6)	(46.3)
TOTAL	2,284.3	1,981.6	(302.7)	(13.3)

- MOOE finished below expectations by P65.9 billion or 17.6 percent as a result of both the low obligation rates of MOOE-heavy departments³ such as OP (54.8 percent) and DAR (49.4 percent), and to a greater degree, the huge unspent balances compared to the DBCC-approved program for DSWD, DA, DILG, DOH, DAR and DENR. As earlier mentioned, the more significant causes of the underspending in these departments can be traced back to the structural weaknesses that undermine their ability to plan better, implement programs/projects on schedule and procure for items/projects in a timely manner.

More specifically, inadequate planning was noted in the delays in complying with the pre-conditions for release in the FY 2014 GAA such as the submission of a master plan for the provision of agricultural equipment and facilities of the DA; securing DPWH certification of LGU capacity to implement projects in the case of Recovery Assistance on Yolanda (RAY) under DILG; complete submission of geo-tagged photos and other requisites for the release of funds for the DENR National Greening Program; and the required validation of beneficiaries for the SP program of the DSWD. Furthermore, as represented by DSWD, the low utilization of FY 2014 funds was also attributed mostly to the postponement of the Expanded CCT program until June 2014, resulting to unutilized funds of P5.1 billion corresponding to the January to May 2014 program, as well as the limited capacity of regional TESDA offices to implement skills training thereby causing delays in the implementation of the Sustainable Livelihood Program and in the disbursement of funds in the amount of P1.5 billion.

In the same manner, contributing to the underutilization of funds were the procurement difficulties experienced by some departments like the DepEd for instance, which

³ These are the departments with more than one-third (33.3 percent) of their budgets allocated to MOOE. Moreover, those considered with low obligation rates have absorptive capacities (MOOE obligations over allotments) less than the 2012-2014 average MOOE obligation rate of 77.2 percent for national government agencies.

encountered delays in the finalization of requisite documents for bidding of textbooks/instructional materials content; while other departments such as DOH, DAR and DILG considered some of the following as key hurdles that slowed down their procurement process: 1) incidents of failed bidding; 2) insufficient bidding requirements; 3) weak staff capacities; and 4) changes in technical specifications. The OP has also attributed its low utilization to intricacies of the repair requirements for the Presidential Airlift Wing and the procurement process, which stalled the program for one year.

Lastly, the DA also cited the poor liquidation of cash advances by LGUs for agriculture banner programs and Bottom-Up Budgeting projects as one of the major reasons for their low disbursements. This signals weak LGU capacities in preparing fund liquidation requirements and highlights the necessity to capacitate LGU personnel in financial management.

- Notwithstanding the significant growth in subsidies year-on-year, NG support to GOCCs in the form of operational and program subsidies slid below program by P28.6 billion or 26.2 percent mainly due to the delays in program/project implementation of NHA (actual disbursements were lower than program by P18.4 billion), SHFC (P2.9 billion), NEA (P2.8 billion), and NPC (P1.8 billion). Bulk of the undisbursed amount for NHA was due to the following factors: 1) revision of housing design for the AFP/PNP housing project from loftable to bungalow - P4.1 billion; 2) lack of documentation and/or delays in securing clearances/permits from other agencies and LGUs - P1.6 billion for Informal Settler Families (ISF) Housing Program and P1.3 billion for AFP/PNP Housing Project Phase 2A; 3) delay in the issuance of BIR ruling on exemption for payment of capital gains and documentary stamp tax despite the submission of complete requirements - P3.2 billion for ISF and P0.8 billion for AFP/PNP Housing Phases 2 and 2A; and 4) procurement issues in the housing program for ISFs due to the non-compliant technical/financial proposals and delayed and insufficient submission of bidding documents by contractors - P0.9 billion.

Likewise, SHFC has also encountered delays in the issuance of permits and licenses by LGUs such as Sangguniang Bayan resolutions, development and building permits, and other documentary requirements for its Community Mortgage Program which resulted to an underspending of P1.8 billion. In the case of NEA, they attributed most of its underutilization of funds to the refocusing of efforts to the rehabilitation of distribution lines of electric cooperatives in Typhoon Yolanda-affected areas. In particular, they said that NEA personnel and supply of materials were diverted to restore power in Yolanda-affected areas from the 4th Quarter of 2013 to 2nd Quarter of 2014, thereby delaying the implementation of electrification projects scheduled in FY 2014. Lastly, the NPC cited non-compliant deliveries or delays in the delivery/project completion by some suppliers/contractors as some of the reasons for the slow disbursement of FY 2014 funds. They somehow alluded this delay to port congestion since some affected spare parts are internationally manufactured.

- Savings in IP was generated, which amounted to P31.5 billion or 8.9 percent, from the combined effects of lower volume of domestic borrowings particularly treasury bills and fixed rate treasury bonds, as well as lower-than-programmed interest rates (average 364-day T-bill rate of 1.8 percent for 2014 compared to the program of 3.0 percent). As a result, the share of IP in total disbursements declined to 16.2 percent in 2014, the lowest in three decades.
- The largest underspending in terms of magnitude was recorded under infrastructure and other CO, for which actual disbursements fell short of program by P89.0 billion or by 24.2 percent. This was mainly due to the considerably low NCA utilization rates⁴ of DPWH (76.9

⁴ Lower than the aggregate NCA utilization rate of 88.1 percent (see Table 1).

percent) and DOTC (67.6 percent), and their much lower obligation rates of 69.3 percent for DPWH (compared to 90.6 percent in 2013) and 58.2 percent for DOTC (vis-a-vis 66.9 percent in 2013).

Based on the reports of both departments, CO underspending resulted from a mix of factors. Some justified reasons were the non-spending⁵ of items affected by the SC decisions on PDAF and DAP (worth P2.1 billion), and unspent funds in the amount of P9.7 billion due to factors beyond their control such as weather disturbances, peace and order problems, and delayed concurrence/difficulty in securing approval from authorities and donor institutions.

As previously discussed, others reasons affecting fund utilization point to the structural problems/inefficiencies and long standing constraints that hamper project implementation and slow down payment processes. Most of the bottlenecks came from the delays in the approval/issuance of documents to contractors which are requisites for claim payments, as well as late billings and incomplete documentation by contractors (P18.1 billion as accounted for by DPWH); coordination problems with and limited capacity of implementing partner agencies/institutions (P14.1 billion); unresolved right-of-way problems and other legal issues (P4.2 billion); and difficulty in securing permits/clearances prior to project implementation (P2.6 billion). The DOTC also attributed part of its slow disbursements to the procurement issues encountered for the New Bohol Airport and MRT 3 Expansion (acquisition of rolling stocks).

Moreover, the unreleased appropriations under CO for the following projects also contributed to the lower-than-programmed spending: 1) Basic Educational Facilities - P2.2 billion under DepEd and P21.5 billion transferred to DPWH; 2) DPWH's PPP Strategic Support Fund - P3.3 billion; and 3) DA's farm-to-market road projects - P2.4 billion. These funds remain intact due to the delayed submission of the documentary requirements prior to release as required under the Special Provisions of the GAA.

- Capital transfers to LGUs were recorded below program by P11.1 billion or 13.1 percent due to the unreleased balances of the special shares of LGUs in the proceeds of national taxes such as the Value-Added Tax (VAT) and the Tobacco Excise Tax, in the amounts of P4.7 billion and P5.6 billion, respectively. In the case of VAT, the 70 percent share of LGUs in accordance with Section 150 of R.A. No. 7160 is still unreleased pending BIR's identification of beneficiary LGUs where the situs of the branches, sub-outlets, plant or plantation, and retail stores are located. As for the Tobacco Excise Tax, the 30 percent and 80 percent shares of congressional districts with respect to the excise taxes of locally-manufactured Virginia-type cigarettes under R.A. No. 7171, and from Burley & Native tobacco under R.A. No. 8240, respectively, cannot be released in view of the SC ruling on PDAF declaring as unconstitutional any form of post-enactment intervention by legislators in the implementation of the budget. Prior to the issuance of that SC decision, the release of the congressional district share requires consultation or identification of programs and projects by legislators.
- The P5.0 billion allocation for the payment of landowners' compensation under the Comprehensive Agrarian Reform Program (CARP) was not released in 2014 in the absence of the Presidential Agrarian Reform Council (PARC) endorsement and in view of the huge and sufficient cash balance of the Agrarian Reform Fund (ARF) administered by the LBP.
- Actual net lending to GOCCs of P13.4 billion was lower than the program by P11.6 billion or 46.3 percent. The DOF attributed the decline to the policy initiatives undertaken for GOCCs that are directed towards fiscal discipline and prudent cash management, which

⁵ Unutilized funds resulting from unpaid projects, inability to use savings and difficulty in realigning funds

includes refinancing of maturing obligations of some GOCCs by government financial institutions.

Outlook for FY 2015

Under the continuing policy of the GAA as the Release Document (GAARD), some P1,220.5 billion or 89.0 percent of the FY 2015 Budget of all departments/agencies at the start of the year have been effectively released (better compared to 86.2 percent in FY 2014) as well as their corresponding cash allocations for the first semester to facilitate program implementation.

Moreover, a number of measures and strategies are being implemented by the National Government to avoid the large underspending incurred in 2014 and to accelerate spending further in 2015. These measures and strategies include the following:

- Taking off from the SC decision on the DAP, a circular will be issued to clarify the definition and conditions for use of Savings, Augmentation, Realignment and the Unprogrammed Fund - the four items which were questioned by the SC. This will lay to rest the uncertainties brought about by the SC DAP decision.
- So that programs and projects are implemented promptly, departments and agencies were also directed to disaggregate project listings and facilitate the completion and submission of documentary requirements, such as network plans, geo-tagged photos, implementation guidelines, among others by the end of the first quarter. Assistance is also being sought from the NEDA and the Government Procurement Policy Board (GPPB) to strengthen the planning capacities of departments/agencies, including procurement to facilitate program/project implementation.
- The departments and agencies are also being requested to designate an Undersecretary or second level official who will be made responsible for the monitoring, trouble-shooting and reporting on program implementation and who will work with DBM on a quarterly basis to facilitate necessary remedial measures.
- Other measures are also being adopted to speed-up the conduct of procurement processes such as the assignment of full-time support staff to the Bids and Awards Committee (BAC) Secretariat and requiring BAC members and Technical Working Groups to give utmost priority to procurement assignments until its completion. Big departments (DOTC, DPWH, DepEd, DOH and DSWD) in particular are being encouraged to increase their BAC members to attend to their bulk/complex procurement needs. The GPPB has been assisting major procuring agencies to identify issues/problems and implement improvement plans.

The GPPB has been directed to go over the entire IRR of the Procurement Law and look at provisions which can be simplified and/or applied with threshold amounts to facilitate the procurement process, without losing transparency and accountability. The GPPB will continue and strengthen the procurement training program they give to national and local governments, suppliers and CSOs in order to ingrain the disciplines of procurement planning, continuous market surveys and skills of precise specification-making and costing in the planning units of the agency over and above the actual conduct of procurement. The GPPB is also finalizing the procurement professionalization courses for pilot run within the year to professionalize the cadre of procurement practitioners in government alongside established procurement skills and competencies.

- Lastly, more LGUs will be tapped to advance the implementation of the programs and projects. In order to establish effective partnership and proper coordination with them,

the regional and field offices of departments/agencies are providing partner-LGUs with technical assistance in implementing projects and preparing fund liquidation requirements, including undertaking better project planning. The Philippine Constructors Association (PCA) have also conveyed their plans to train more architects and engineers to act as procurement observers in the LGUs and to assist the LGUs in project planning and management. Through the composite team of trainers established by the GPPB, LGUs will be continuously trained on the application and implementation of the procurement law, rules and regulations.

However, while these measures may provide immediate relief to the problem of underspending, some of the problems and their root causes cited earlier indicate a more fundamental and basic issue of weak planning-budgeting-implementation continuum both at the agency and oversight levels, which will entail a more long-term, and coordinated government-wide effort. Now that revenue collection has been built up which would allow the national government to move beyond subsistence, the government have to invest once again in systems and processes which will enable agencies to plan ahead, to address gaps and deficiencies in their areas, and implement the programs and projects more efficiently and effectively.