

## ASSESSMENT OF NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE FOR JANUARY 2014

Even without the election-related spending which were incurred for the same period last year, national government disbursements registered at P183.0 billion this January. This spending performance was expectedly higher by P25.6 billion or 15.9 percent than the recorded disbursements in the same month last year of P157.9 billion. The increase can be attributed mostly to the carry-over disbursements arising from the continuing government support for the reconstruction and rehabilitation efforts in areas affected by the recent calamities, the adjustment in compensation and other benefits, including payment of GSIS premium arrears and the programmed amounts for internal revenue allotments and interest payments.

As shown in Table 1, the growth of Non-NCA disbursements accounted for the expansion of total disbursements, growing by 36.1 percent mainly on account of the encashment of checks amounting to P44.2 billion (against P33.0 billion in January 2013), out of the P52.9 billion outstanding checks as of December 31, 2013 and the combined effect of the repayment by PSALM in January 2013 of its P12 billion advances and advances made to other GOCCs to service their maturing debts due on the first month of this year.

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

Particulars	January			
	2013	2014	Inc./Dec.	
			Amount	%
NCA	76.6	72.4	(4.2)	(5.5)
<i>% of Effective NCA</i>	<i>75.2</i>	<i>63.1</i>		
Non-NCA	81.3	110.7	29.4	36.1
Total	157.9	183.0	25.1	15.9

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

**Memo Items:**

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

January 2013 (adj) 101.9

January 2014 114.7

*Allotment Releases*

As of Jan. 31, 2013 1,304.2 65% of the P2.006 trillion program

As of Jan. 31, 2014 1,473.1 65% of the P2.264 trillion program

Source: Budget Technical Service (BTS)

The NCA utilization rate decreased from 75.2 percent to 63.1 percent, as the amount of NCA issued for the period increased to P114.7 billion compared to P101.9 billion last year. The low utilization of NCA issued may be attributed to the transition to the implementation of the Expanded Modified Direct Payment Scheme starting January 2014, as agencies and servicing banks were fine-tuning their systems to shift from payment through MDS checks to the Advice

to Debit Account (ADA) system to cover payment of utilities and social insurance premiums. Financial officers and staff in the agencies were also asked to adopt the DBM-COA harmonized coding system, the Unified Account Code Structure, which may have caused delays in recording transactions. Hence, with the extended validity period of the cash allocations issued from monthly to quarterly, there was a noticeable year-on-year increase in the amount of unutilized NCAs for the month by 194.9 percent, from P5.9 billion to P23.4 billion. Among the departments which have large book balances were the following: DPWH (P6.2 B for 2014 vs. P2.3 B for 2013); DepEd (P2.7 B vs. P568 M); DENR (P1.8 B vs. P48 M); DILG (P1.5 B vs. P755 M) and DND (P1.3 B vs. P772 M).

### Allotment Releases

With the implementation of GAA as a Budget Release Document starting this year, total allotments released for the first month of the year amounted to P1.473 trillion, constituting 65 percent of the total obligation budget of P2.264 trillion. Under the GAA as a Budget Release Document mechanism, spending authorities for the items clearly listed and approved by

Congress were effectively released on January 1, enabling the agencies to immediately obligate - enter into contract, subject to procurement rules – their allocations without waiting for the issuance of any release document from the DBM.

Hence, among the key programs and projects for which allotments have been mostly, if not fully, released on the first month are: 1) the Agriculture and Fisheries Modernization Program of the DAR; 2) Development of Crop Sector Program of the DA; 3) provision for the creation of new teaching positions and GASTPE program of the DepEd; 4) Health Facilities Enhancement Program of the DOH; 5) Network development, Asset preservation of National Roads, Flood Control Projects and various infrastructure projects of the DPWH; 6) Transport Infrastructure Development Programs of the DOTC; and 7) pension requirements of retired uniformed personnel.

The following requirements were also included in the comprehensive release: the full-year allocation for Interest Payments, Internal Revenue Allotments, operating requirements of agencies which are fully dependent on income collections accruing to their Special Account in the General Fund such as DOTC-Office of Transport Security, DOF-Insurance Commission, DOJ- Land Registration Authority and DepEd- Early Childhood Care and Development Council and the one quarter requirements of highly subsidized GOCCs as well as pension requirements chargeable against Budgetary Support to GOCCs and Pension and Gratuity Fund.

### Year-on-Year Performance

Among the drivers that buoyed government spending for the month of January are the following:

- Personnel Services slightly grew by P2.0 billion or 4.8 percent from January last year on account of the increase in pension claims, payment of deficiencies in GSIS premiums of government employees in the ARMM-DepEd, as well as the impact of the payment of salaries for positions of the DepEd and the Judiciary which were created and filled in the later months of the previous year. However,

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

Particulars	January		Increase/Decrease	
	2013	2014	Amount	%
Current Oper. Exp.	146.0	150.7	4.8	3.3
PS	40.8	42.8	2.0	4.8
MOOE	29.7	28.0	(1.7)	(5.7)
Subsidy	0.3	0.7	0.4	132.4
Allotment to LGUs	20.2	22.8	2.6	13.0
IP	54.8	56.5	1.6	3.0
TEF	0.2	0.0	(0.1)	(80.4)
Capital Outlays	21.9	29.4	7.5	34.4
Infra & Other CO	16.4	26.8	10.4	63.5
Equity	0.1	-	(0.1)	
Cap. Transfers to LGUs	5.4	2.6	(2.8)	(52.3)
CARP-LO	-	-	-	
Net Lending	(9.9)	2.9	12.9	129.6
TOTAL	157.9	183.0	25.1	15.9

the growth was partially offset by the one-month lag in payment of social insurance premiums of some agencies due to the shift to ADA payment facility and lower-than-expected claims for retirement and terminal leave benefits.

- Capital expenditures surged by 45.1 percent or an increase of P7.4 billion from the P16.4 billion recorded for the same period last year largely due to the carry-over disbursements arising from the implementation of infrastructure projects of the DPWH, various transport infrastructure projects of the DOTC and the Health Facilities Enhancement Program of the DOH. The release to ARMM for the implementation of infrastructure projects under the PAMANA and Health, Education, Livelihood, Peace and Governance, and Synergy (H.E.L.P.S) programs also contributed to the expansion in capital spending.

- Interest payments increased by P1.6 billion or 3.0 percent primarily due to the combined effect of the servicing requirements of domestic debt (from P34.5 billion to P29.7 billion due to lower volume of government securities issued in 2013 and lower interest rates) and increase in foreign debt servicing (from P20.4 billion to P26.8 billion as a result of peso depreciation).
- Likewise, allotment to LGUs were up by P2.6 billion or 13.0 percent due to the higher IRA shares of LGUs this year.
- Net lending increased by more than 100 percent owing to the non-recurrence of the P12 billion repayments made by PSALM in 2013 and due to the advances made to government enterprises amounting P2.1 billion for NLRC, P550 million for NIA-CASECNAN and some P248 million for PSALM.

Tempering the growth posted in those expense items were the decrease in MOOE, Tax Expenditures Fund and Equity to GOCCs. Maintenance spending was slightly down by P1.7 billion or 5.7 percent to P28.0 billion due to the decrease in disbursements for the CCT program of the DSWD on account of the frontloading of the February-March requirements in 2013 in anticipation of the election ban. Likewise, there were delays in the processing of payments for utility expenses by some department/agencies as a result of the transition to ADA payment system.

## Outlook for the Rest of the Year

**Table 3: Status of Allotment Releases in January, 2013-2014**  
in billion pesos, unless otherwise indicated

Particulars	Full-Year Program	Releases as of January*	Balance	
			Amount	%
2014	2,264.6	1,473.1	791.5	35.0
2013	2,005.9	1,304.2	701.7	35.0

\* Inclusive of releases charged against Continuing Appropriations and Automatic Appropriations

Source of basic data: BTS

Of the P2.264 trillion obligation program for 2014 (inclusive of Automatic Appropriations), P1.473 trillion of allotments were released to cover, among others, regular operating requirements of agencies, interest payments, internal revenue allotments of LGUs and budgetary support to selected GOCCs, resulting to a program balance of P791.5 billion. The program balance is

almost equally shared by the expenditures items funded under the New Appropriations and Automatic Appropriations, release of which require prior clearance from approving authorities and/or are subject to compliance with certain requirements. The PS unreleased new appropriations amounting to P162.0 billion, mostly under the Miscellaneous Personnel Benefits Fund and the Pension and Gratuity Fund, will be released upon submission of the special budget requests by departments/agencies with complete documentary requirements and clearances.

The DBM has been conducting several fora on the three reforms which were simultaneously started in 2014 – the Performance-Informed Budget, the Unified Accounts Code Structure and the Expanded Modified Direct Payment Scheme – in an effort to ease the transition to the public financial management systems. As the agencies become more adept on the implementation of these reforms, the government expects that the execution of programs and projects, along with the disbursements, will normalize in the coming months.

The spike in expenditures in January was as mentioned, mainly the result of carry-over disbursements from 2013 for the reconstruction and rehabilitation efforts on areas affected by the recent calamities.