

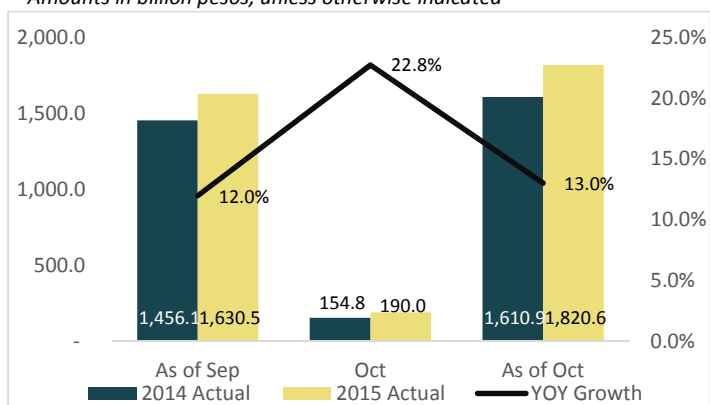
NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF OCTOBER 2015

The disbursements of the national government for the month of October reached P190.0 billion, recording a year-on-year growth of nearly 23 percent. This is the third highest monthly disbursement level for the year, next to the spending levels of P236.2 billion and P210.7 billion in June and July, respectively. The growth in spending was mainly fuelled by higher provision for maintenance expenditures for social services, greater support for government corporations implementing railway, energy and agriculture- related programs, and the payment of salaries and other personnel benefits.

Figure 1. NG Disbursements as of October

Amounts in billion pesos, unless otherwise indicated



The spending performance for the month of October propelled the cumulative disbursements to P1,820.6 billion, which rose by P209.7 billion or 13 percent year- on-year.

Table 1. Comparison of NCA and Non-NCA Disbursements, 2014-2015

in billion pesos, unless otherwise indicated

Particulars	As of September				October				As of October			
	2014	2015	Inc/(Dec)		2014	2015	Inc/(Dec)		2014	2015	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	1,074.9	1,264.9	190.0	17.7	130.2	161.1	30.8	23.7	1,205.1	1,426.0	220.9	18.3
% of Eff. NCA	86.7%	93.6%			90.0%	90.9%			87.0%	93.3%		
Non-NCA	381.2	365.6	(15.6)	(4.1)	24.6	29.0	4.4	17.9	405.8	394.6	(11.2)	(2.8)
Total	1,456.1	1,630.5	174.5	12.0	154.8	190.0	35.2	22.8	1,610.9	1,820.6	209.7	13.0

Source of basic data: Bureau of the Treasury

Memo Items:

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

As of September			October			As of October		
	2014	2015	2014	2015		2014	2015	
	1,240.1		144.7			1,384.8		
		1,351.7		177.2			1,528.9	

Allotment Releases

As of Oct 2014	2,133.0	93.3% of the P2.287 trillion obligation program (including supplemental appropriations)
As of Oct 2015	2,488.5	95.5% of the P2.606 trillion obligation program

Source: DBM-Budget Technical Bureau

Use of Disbursement Authorities

NCA expenditures continued to rise from the average P140.5 billion for the last nine months to P161.1 billion in October this year as shown in Table 1. The faster rate of spending was observed for the month of October in a number of big-spending departments such as DA (NCA utilization of 103.4 percent in October 2015 as compared to 66.3 percent for the same month in 2014), DepEd (89.4 percent vs 77.6 percent), DOH (75.0 percent vs 61.1 percent), DILG (99.2 percent vs 77.9 percent), and DPWH (87.5 percent vs 66.8 percent). These resulted to the almost 24 percent year-on-year increase in cash disbursements.

With the remarkable improvement in the absorption of cash allocations to 93.3 percent as of October this year from 87 percent for the comparable period last year, the cumulative cash expenditures expanded by 18 percent to P1,426.0 billion as compared to the P1,205.1 cash disbursements in 2014.

Similarly, non-cash expenditures rose by 18 percent to P29 billion this October. The increase was largely on account of the net lending assistance extended to the National Food Authority (NFA) to cover the payment of its maturing obligations. Despite the increase this month, cumulative non-cash disbursements was still lower by almost 3 percent or P11.2 billion from the P406 billion incurred last year due to the lower interest payments and tax subsidies.

Allotment Releases

As of October this year, allotment releases already amounted to P2,488.5 billion, representing nearly 96 percent of the P2,606.0 billion obligation program for FY 2015. This is almost 17 percent higher than the P2,133.0 billion released for the same period last year, and 2.2 percentage points better when measured against the corresponding total expenditure program.

Among the significant releases for this month were the following expenditure items: 1) DND Modernization Program (P4.5 billion); 2) Health Facilities Enhancement Program (HFEP) and the Road Widening activities implemented by the DPWH (P3.3 billion); 3) PS requirements, including personnel benefits and creation/filling up of positions (P7.1 billion); 4) Pension requirements (P17.1 billion), and 5) Subsidies to GOCCs (P6.2 billion).

Year-on-Year Performance

For the Month of October 2015

As discussed earlier, the disbursements amounting to P190.0 for the month of October was a result of the combined impact of the higher maintenance expenditures and the increase in subsidy to government corporations, among others. Those two expenditure items contributed to more than two-thirds of the P35.2 billion increase in the total government spending this month.

- Maintenance Expenditures were up by almost 52 percent to P43.2 billion this month. The national government had been scaling up the implementation of its core social protection and community development programs. For instance, higher disbursements were noted in the DOH, DSWD and DILG given the increase in

their respective budgets this year. The DOH has been procuring more medicines, vaccines and other medical supplies to provide for cheaper and better access to health or medical needs as the budget for their preventive health program expanded by 20 percent this 2015. In the same way, disbursements of the DSWD this month grew by 50 percent (from P8.8 billion in 2014 to 13.3 billion this year) based on data reported by government servicing banks. Bulk of these disbursements is comprised of the requirements of the CCT to cover larger number of beneficiaries. Moreover, community-driven or assisted projects under the BUB and PAMANA were also implemented in wider areas by the DILG.

Apart from the expansion of these social services, COMELEC spending on its Automated Election System (AES) this month also contributed to the increase in maintenance expenditures. It may be recalled that during the earlier part of the year, the implementation of the said system was hampered by procurement problems and beset by some legal issues. While the expense was originally programmed as capital outlays for refurbishing of the existing PCOS machines, the agency opted to

Table 2. NG Disbursements for the Month of October
Amounts in billion pesos, unless otherwise indicated

Expenditure Items	October		Inc/(Dec)	
	2014	2015	Amount	%
CURRENT OPER. EXP.	<u>120.7</u>	<u>151.0</u>	<u>30.2</u>	<u>25.0</u>
PS	50.3	57.6	7.3	14.5
MOOE	28.5	43.2	14.7	51.7
Subsidy	1.4	6.5	5.1	353.1
Allotment to LGUs	22.8	26.0	3.2	14.1
IP	16.8	16.1	(0.6)	(3.7)
TEF	1.0	1.5	0.6	60.0
CAPITAL OUTLAYS	<u>33.0</u>	<u>34.7</u>	<u>1.6</u>	<u>4.9</u>
Infra & Other CO	27.1	27.9	0.8	2.9
Equity	0.2	0.2	(0.0)	(14.6)
Capital Transfers to LGUs	5.7	6.5	0.9	15.0
NET LENDING	1.0	4.4	3.4	336.9
TOTAL	154.8	190.0	35.2	22.8

lease instead new counting machines in view of the time constraints for the preparation for the National and Local Elections in May 2016. Likewise, advance payment for hosting- related expenses by the government in preparation for APEC 2015 summit hiked the spending this month. The requirements for the conduct of this event were sourced from the International Commitments Fund and were used to pay the accommodation and airfare for delegates, venue or facility rentals and supplies and materials, among others.

- The support to government corporations surged by more than three-fold this month to P6.5 billion from only some P1.4 billion in October last year. This uptick in spending can be attributed mainly to the release of subsidies to corporations implementing the following programs and projects– i). Rehabilitation of LRT Lines 1 and 2 (LRTA); ii). Barangay Electrification and Sitio Electrification programs (NEA); iii). Irrigation works/projects (NIA); and iv). Payment of insurance premiums of farmers covered under the RSBA.
- The increase in PS expenditures was recorded at 14.5 percent, equivalent to P7.3 billion in view of the release of performance-based bonus of employees (around P4.1 billion higher when compared to the same period in 2014), as well as the requirements to cover newly- filled positions in key agencies and the increased requirements to cover pension and retirement gratuity claims.
- The growth in infrastructure and other capital spending in October was modest, growing year-on-year by only 3.0 percent to reach almost P28 billion this month. While the growth seemed to be slower, it should be noted that capital expenditures in October last year was high at P27.1 billion denoting a base effect which resulted to a single digit growth. Nonetheless, the continued implementation of the road infrastructure programs and the convergence programs of the DA (FMRs), DepEd (SBP), DOT (roads to tourist destinations) were some of the factors behind the sustained growth in capital spending, including the P1.5 billion released for the Agri-Industry Modernization Credit and Financing Program of the ACPC in the second semester based on the request of the agency. Per bank reports, the amount was disbursed by the ACPC in almost equal amounts in the months of September and October.

For the Period January – October 2015

The productive spending in MOOE and Infrastructure and other capital outlays, grew by 29.8 percent and 21.7 percent, respectively year-on-year. These items continued to be the main drivers of growth in the cumulative government spending as of October this year. A significant amount of those MOOE and infrastructure spending were incurred in the months of June and July as reported in our previous assessment reports. In addition, the following expenditures had been consistently growing for the last ten months of the year:

- Increase in Personnel Services by 10.3 percent to P528.9 billion this year. This cumulative increase was mainly due to the payments for personnel benefits such as the Performance Enhancement Incentives (PEI) and the Performance-Based Bonus and for filling up of new positions in key agencies (e.g., Deped, DOH, DILG and DND) throughout the period.

Table 3. NG Disbursements, As of October

Amounts in billion pesos, unless otherwise indicated

Expenditure Items	As of October		Inc/(Dec)	
	2014	2015	Amount	%
CURRENT OPER. EXP.	<u>1,315.4</u>	<u>1,463.9</u>	<u>148.5</u>	<u>11.3</u>
PS	479.6	528.9	49.3	10.3
MOOE	253.4	328.9	75.5	29.8
Subsidy	63.6	62.3	(1.3)	(2.1)
Allotment to LGUs	227.7	259.9	32.2	14.1
IP	274.2	271.9	(2.3)	(0.8)
TEF	16.9	12.0	(4.9)	(28.9)
CAPITAL OUTLAYS	<u>286.0</u>	<u>347.8</u>	<u>61.7</u>	<u>21.6</u>
Infra & Other CO	222.6	270.9	48.4	21.7
Equity	1.4	0.5	(0.9)	(64.4)
Capital Transfers to LGUs	62.0	76.3	14.3	23.1
NET LENDING	9.4	8.9	(0.5)	(5.6)
TOTAL	1,610.9	1,820.6	209.7	13.0

- The share of LGUs in the proceeds of national taxes, represented by the Allotment to LGUs and Capital Transfers to LGUs, grew by P46.5 billion or 16.1 percent in view of higher tax base of the mandated shares of LGUs this year.

Outlook for the Rest of the Year

For the last two months of the year, only 4.5 percent or some P117.5 billion¹ of the P2,606.0 billion obligation program remains unreleased. This unreleased amount is largely comprised of the special purpose funds mainly for PS requirements lodged in the MPBF (P49.3 billion) and PGF (P34.4 billion), including those allocation for the Special Shares of LGUs in the National Wealth (P23.5 billion and NDRRMF (P9.4 billion). The release from the Special Shares of LGUs is subject to the submission of the certification of the collecting agencies on the actual amount collected by location while releases from the NDRRMF is contingent on the occurrence of calamities and recommendation by the NDRRMC to the Office of the President. A small portion of the unreleased amount pertains to the specific or regular programs and projects of the agencies such as the allocation for the DND AFP Modernization Program (P6.2 billion), various foreign-assisted projects of the DPWH (P7.4 billion), and HFEP of the DOH (P7.0 billion). Some of the mentioned items are expected to be released within the year as the said agencies have started completing the supporting documents required prior to the releases of funds as provided for under the Special Provisions of their FY 2015 Budget.

The nearly 23 percent year-on-year growth in disbursements this October is an encouraging sign that government spending will continue to outpace the levels recorded in the previous year resulting to a stronger fourth quarter disbursements.

¹Net of releases from Continuing and Supplemental Appropriations, Unprogrammed Fund and Other Automatic Appropriations which were accommodated within the 2016 obligation program.