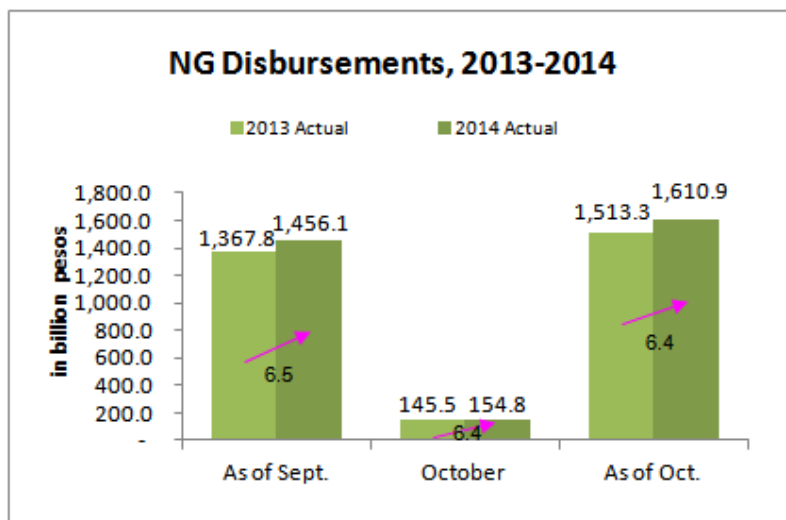


## ASSESSMENT OF NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE AS OF OCTOBER 2014

National government disbursements reached P1.611 trillion for the period January to October 2014, higher by P97.5 billion or 6.4 percent than the 2013 level of P1.513 trillion. This rate of expansion is comparable with the average growth rate for the ten-month period from 2010 to 2013. Discounting the effect of the year-on-year contraction in interest payments (IP), cumulative



disbursements grew by P102.0 billion or 8.3 percent, largely on account of the 8.5 percent combined growth in maintenance and capital spending; increase by P23.3 billion in the allocation for the health insurance premium of poor and near-poor families under the National Health Insurance Program (NHIP) of PhilHealth; and about P28.0 billion or 10.8 percent increase in Internal Revenue Allotment (IRA) based on mandated LGU shares.

Table 1 shows that for the month of October, disbursements rose by P9.2 billion or 6.4 percent. This growth in spending was entirely driven by the P13.4 billion or 11.4 percent increase in NCAs utilized, being partially weakened by the narrowing in non-NCA disbursements particularly IP. According to the Bureau of the Treasury, IP for domestic borrowings was slightly inflated last year by the one-time recording of the discount costs associated with the reissuance of 20-year treasury bonds.

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

Particulars	As of September				October				As of October			
	2013	2014	Inc./Dec.		2013	2014	Inc./Dec.		2013	2014	Inc./Dec.	
			Amount	%			Amount	%			Amount	%
NCA	1,009.8	1,074.9	65.1	6.4	116.9	130.2	13.4	11.4	1,126.7	1,205.1	78.4	7.0
<i>% of Effective NCA</i>	<i>91.3</i>	<i>86.8</i>			<i>101.7</i>	<i>90.6</i>			<i>92.3</i>	<i>87.2</i>		
Non-NCA	358.0	381.2	23.2	6.5	28.7	24.6	(4.1)	(14.3)	386.7	405.8	19.1	4.9
<b>Total</b>	<b>1,367.8</b>	<b>1,456.1</b>	<b>88.3</b>	<b>6.5</b>	<b>145.5</b>	<b>154.8</b>	<b>9.2</b>	<b>6.4</b>	<b>1,513.3</b>	<b>1,610.9</b>	<b>97.5</b>	<b>6.4</b>

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

**Memo Items:**

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

As of October 2013	<u>1,220.8</u>	As of October 2014	<u>1,381.7</u>
Jan-Sept. 2013	1,105.9	Jan-Sept. 2014	1,238.0
October 2013	114.9	October 2014	143.7

*Allotment Releases*

As of Oct. 31, 2013	1,868.5	93% of the P2.006 trillion obligation program
As of Oct. 31, 2014	2,133.0	94% of the P2.264 trillion obligation program

Source: Budget Technical Service (BTS)

It can also be noted that the utilization by departments/agencies of the NCA authorities issued by the DBM was slightly better in the month of October at 90.6 percent, compared to the 86.8 percent average utilization rate as of September, hence bringing the overall NCA utilization rate to an improved 87.2 percent as of October.

## Allotment Releases

As of October, total allotments released to departments/agencies as basis for obligation reached P2.133 trillion, about 94 percent of the P2.265 trillion obligation program for the year, and larger by P264.5 billion or 14.2 percent than the allotments released for the same period in 2013 in the amount of P1.868 trillion. Among the departments which recorded significant increases in allotments are the DPWH (P76.0 billion or 50.6 percent growth); DSWD (P27.2 billion or 48.8 percent growth); DOTC (P24.0 billion or 112.1 percent growth); DepEd (P11.1 billion or 4.9 percent growth); DOH (P7.8 billion or 20.3 percent growth); and DND (P6.6 billion or 8.8 percent growth).

Allotments released for the month of October amounted to P44.7 billion, with almost half or P20.3 billion was provided for the payment of pension, retirement and terminal leave benefits chargeable against Pension and Gratuity Fund (PGF). Other big-ticket releases for the month were as follows: 1) subsidy to the NHA for the Housing Program for the construction of additional permanent housing for Typhoon Yolanda victims - P11.0 billion; 2) repair, rehabilitation and improvement of various roads funded by the Motor Vehicle Users Charge (MVUC) - P2.8 billion; 3) requirements for filling-up of unfilled positions, creation of new positions, 2013 PBB, and other PS deficiencies of agencies under the Miscellaneous Personnel Benefits Fund (MPBF) - P2.5 billion; 4) budgetary support to GOCCs for 3rd and 4th quarter requirements - P1.2 billion; 5) farm-to-market road projects of the DA - P1.1 billion; and 6) customs duties and taxes - P1.0 billion.

## Year-on-Year Performance

As earlier mentioned, both the cumulative and for-the-month disbursements improved by 6.4 percent, which were brought about by the changes in the following expenditure items:

- Maintenance spending expanded quite significantly in October by almost P9 billion or 45.9 percent, mostly from the P7.5 billion encashment of outstanding checks issued as of September for the DSWD's Pantawid Pamilyang Pilipino Program (4Ps). This, along with earlier fund releases for the implementation of programs and projects such as the National Community-Driven

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

Particulars	As of October		Increase/Decrease	
	2013	2014	Amount	%
Current Oper. Exp.	1,241.5	1,315.4	74.0	6.0
PS	475.4	479.6	4.2	0.9
MOOE	230.5	253.4	22.9	10.0
Subsidy	35.9	63.6	27.7	77.2
Allotment to LGUs	201.5	227.7	26.2	13.0
IP	278.6	274.2	(4.4)	(1.6)
TEF	19.5	16.9	(2.6)	(13.4)
Capital Outlays	268.7	286.0	17.4	6.5
Infra & Other CO	208.0	222.6	14.5	7.0
Equity	0.7	1.4	0.8	118.8
Cap. Transfers to LGUs	60.0	62.0	2.0	3.4
CARP-LO	-	-	-	-
Net Lending	3.2	9.4	6.2	193.6
<b>TOTAL</b>	<b>1,513.3</b>	<b>1,610.9</b>	<b>97.5</b>	<b>6.4</b>

Development Project of the DSWD, the increase in operating requirements of DepEd, DILG, DOH and DOLE, and assistance to victims in areas affected by Typhoon Yolanda, pushed the cumulative increase in MOOE to P22.9 billion or 10.0 percent.

- Budgetary support to GOCCs in the form of both operational and program subsidies recorded the highest year-on-year growth among all expense classes with an increase of P27.7 billion or 77.2 percent as of October. This arose from the expanded NHIP allocation in the amount of P35.3 billion in 2014 from P12.0 billion in 2013, and the full release of

the P4.3 billion subsidy for the price stabilization program of the National Food Authority (NFA) compared to only P2.0 billion released as of October 2013.

- Largely as a result of the contraction in IP for the month of October, cumulative IP decreased year-on-year by 1.6 percent corresponding mostly to domestic borrowings. Moreover, the percentage share of IP to total disbursements compressed by about 1.4 percentage points to 17.0 percent as of October 2014 from 18.4 percent as of October 2013.
- Net lending grew nearly two-fold as of October due to the offsetting effects of the large repayment made by PSALM to NG in 2013 (P12.3 billion), the net advances by the NFA also in 2013 (P2.9 billion), and the 40 percent decrease in the net advances for the North Luzon Railways Corporation (NLRC).

### 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 October*	Balance	
			Amount	%
Original Program	2,264.6	2,133.0	131.6	5.8

\* Inclusive of releases charged against 2013 Continuing Appropriations, 2013 Supplemental Budget, and Automatic Appropriations

Source of basic data: BTS

Of the P2.265 trillion obligation budget, only P131.6 billion or 5.8 percent remains unreleased, consisting mostly of appropriations under Special Purpose Funds (SPFs) and items in the Negative List under agency-specific budgets, which require submission of special budget requests and documentary requirements prior to release.

Among the items with significant appropriations balances are as follows: 1) other personnel benefits funded from the MPBF - P24.4 billion; 2) pension and retirement benefits under the PGF - P21.7 billion; 3) Basic Educational Facilities under the DPWH Budget - P21.5 billion; 4) Rehabilitation and Reconstruction Program - P15.1 billion; 5) special shares of LGUs from the proceeds of national taxes - P11.5 billion; 6) subsidy to various GOCCs - P8.9 billion; 7) DA's farm-to-market road projects - P7.0 billion; 8) DAR's Comprehensive Agrarian Reform Program Landowners' Compensation - P5.0 billion; 9) DepEd's provision and maintenance of Basic Educational Facilities - P3.5 billion; and 10) DPWH's Public-Private Partnership Strategic Support Fund - P3.3 billion.

The NEDA, in its report on the National Income Accounts, has cited the low disbursements in PS, MOOE and infrastructure and other capital outlays as contributing factors to the deceleration of the GDP growth from 7.5 percent as of third quarter of 2013 to 5.8 percent for the same period in 2014. Considering the impact of the government's weak spending performance in weighing down economic growth, the DBM and the concerned departments have been working closely on implementing measures to address the implementation and payment bottlenecks which have been hindering the capacity of the government to efficiently and adequately deliver goods and services to the public. The DBM has also proposed measures to accelerate spending further in the remaining months of the year and in 2015.