

## NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF AUGUST 2015

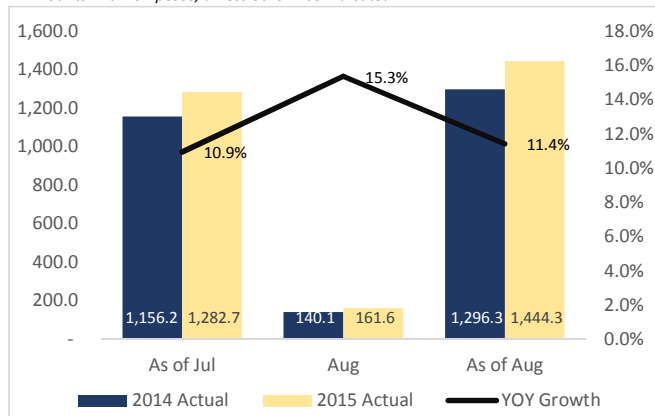
Government spending for the last eight months was recorded at P1,444.3 billion, increasing by 11.4 percent (or P148 billion) when compared to the 2014 level. For the month of August, disbursements reached P161.6 billion, up by 15.3 percent, marking the third consecutive month this year that spending levels rose by a two-digit growth.

This growth is attributed to the continued speeding up of NCA disbursements this month which at P139.0 billion, was up by P25.1 billion or 22 percent compared to last year. Aside from the higher expenditure allocations for major programs and projects under the different departments and agencies operations for the year which make up a large portion of NCA disbursements, the faster NCA utilization rate of big departments: the DPWH (from 70.6 percent vs 101.7 percent) and the DND (89.5 percent vs 92.8 percent) has also contributed to increased NCA disbursements this month. And as shown in Figure 2.0, the cumulative NCA utilization rate for the period January to August significantly improved, from 85.4 percent in 2014 to 91.8 percent, up by 7.5 percent, resulting to NCA disbursements to date of P1,115.9 billion.

It will also be noted that interest payments and net lending decreased yet again compared to that of the previous year, P228.7 billion as of August 2015 against P235.8 billion in 2014, indicating that more funds are being freed for more productive spending.

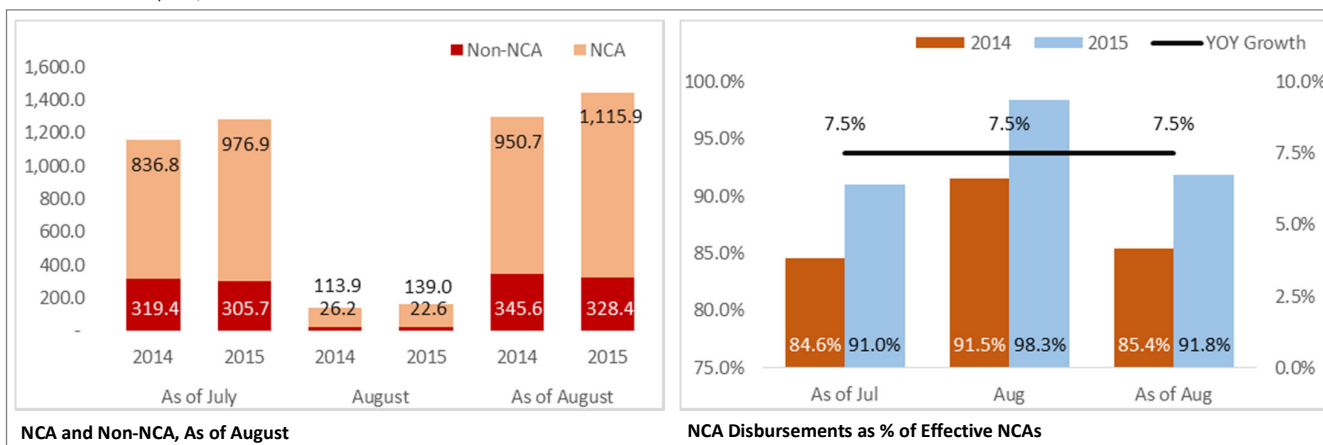
**Figure 1.0 NG Disbursements, As of August**

Amounts in billion pesos, unless otherwise indicated



**Figure 2.0 Comparison of NCA and Non-NCA Disbursements, 2014 - 2015**

Amounts in billion pesos, unless otherwise indicated



### Allotment Releases

As of August this year, some P2,397.7 billion of allotments have been made available to departments/agencies, representing 92 percent of the P2,606.0 billion obligation program for 2015. For the month, some P11.3 billion worth of allotments were released consisting mainly of allocations from Special Purpose Funds (P6.7 billion) largely for the payments of terminal leave benefits and the requirements for the creation and filling up of positions. The release also includes the P1.5 billion required by the Agricultural Credit Policy Council for the implementation of its Agro-Industry Modernization Credit and Financing Program.

### For the Month of August 2015

GOCC subsidies, maintenance expenditures and infrastructure spending, which grew by 183.9 percent, 46.1 percent and 29.2 percent, respectively, pushed government spending this month from P140.1 billion in 2014 to P161.6 billion, up by 15.3 percent. The increased spending on those items are mainly accounted for as follows:

- In August, the financial support to GOCC was P5.7 billion higher than the subsidies provided a year ago. The subsidies were extended to NHA (P4.4 billion) to cover the requirements of its housing and resettlement programs for informal settlers, and to NIA (P3.8 billion) for payment of its obligation to PSALM for the San Roque Multipurpose Dam project.
- Maintenance expenditures similarly, shot up by a substantial 46.1 percent this month to reach P32.8 billion, largely on account of the continuous assistance extended by the government to the CCT beneficiaries for livelihood, feeding, and community development programs, as well as the monthly pensions provide to indigent senior citizens by the DSWD. To boost territorial defense and security, MOOE spending of DND also increased this month following the higher provision for operational expenses of the AFP (from P21.6 billion in 2014 to P24.3 billion this year) for the maintenance of equipment, and for supplies and materials such as ammunitions and combat kits, among others.
- Infrastructure and other Capital Outlays grew strongly again this month by nearly 30 percent to P25.4 billion. The robust growth was made possible by the additional construction works of the DPWH under its various convergence programs such as that with DepEd for the school building program, that with DA for the construction of farm-to-market roads, and that with DOT for roads-to-tourist destinations, as well as by the settlement of its payable for completed CO projects.

**Table 1.0 NG Disbursements, For the Month of August**  
Amounts in billion pesos, unless otherwise indicated

Expenditure Class	August		Increase/(Decrease)	
	2014	2015	Amt	%
Personnel Services	44.7	44.8	0.1	0.2
Maintenance Expenditures	22.5	32.8	10.4	46.1
Infrastructure and Other CO	19.7	25.4	5.7	29.2
Allotment to LGUs	28.5	32.6	4.2	14.6
Support to GOCCs	3.1	8.8	5.7	183.9
Interest Payments	20.6	16.5	(4.1)	(20.1)
Tax Expenditures	0.8	0.5	(0.3)	(36.2)
Net Lending	0.3	0.2	(0.1)	(47.7)
<b>TOTAL DISBURSEMENTS</b>	<b>140.1</b>	<b>161.6</b>	<b>21.5</b>	<b>15.3</b>

### For the Period January – August 2015

The sustained acceleration of disbursements during the last three (3) months bolstered government spending to a cumulative higher growth of 11.4 percent to end at P1,444.3 billion as of August this year. The average growth during these last three months was about 20 percent (17.5 percent in June, 25 percent in July, and 15.3 percent this August), higher than the average growth of 6.7 for the first five (5) months of 2015. Aside from the increased spending in MOOE and infrastructure and other CO as discussed above, the following factors explained the cumulative growth in spending:

**Table 2.0 NG Disbursements, As of August**  
Amounts in billion pesos, unless otherwise indicated

Expenditure Class	As of August		Increase/(Decrease)	
	2014	2015	Amt	%
Personnel Services	380.3	416.1	35.8	9.4
Maintenance Expenditures	196.4	248.7	52.3	26.6
Infrastructure and Other CO	176.2	214.2	38.0	21.5
Allotment to LGUs	232.8	271.2	38.4	16.5
Support to GOCCs	59.9	55.4	(4.5)	(7.5)
Interest Payments	228.6	225.7	(2.9)	(1.3)
Tax Expenditures	14.9	10.0	(5.0)	(33.3)
Net Lending	7.3	3.1	(4.2)	(57.4)
<b>TOTAL DISBURSEMENTS</b>	<b>1,296.3</b>	<b>1,444.3</b>	<b>148.0</b>	<b>11.4</b>

- As stated in our previous reports, Personnel Services growth of 9.4 percent to P416.1 billion was mainly on account of the payment for the mid-year bonus and Productivity Enhancement Incentives (PEI) and PBB granted to government employees mostly in June and July. Likewise, the allocation to LGUS reached P271.2 billion as of August, given its higher revenue tax collection basis and larger mandated LGU shares in the proceeds of the national taxes.

- Notwithstanding the increased disbursement this month for subsidy to GOCCs, the amount of subsidy was however, still lower than the same period last year by P4.5 billion. Per record, while some P4.4 billion was already released to NHA as of August, the GOCC has yet to request the larger portion of its remaining programmed support of around P6.7 billion. During the same period last year, P8.4 billion had already been released to the agency.

### **Outlook for the Rest of the Year**

The remaining funds in the National Budget for the last four (4) months of the year only amounts now to P208.3 billion, or just 8.0 percent of the total. As have been discussed in our earlier reports, this balance is comprised mostly of SPFs allocations -MPBF (P67.4 billion), PGF (P56.1 billion), Allotment to LGUs (P23.5 billion), Support to GOCCs (P16.7 billion). A large portion of this balance is expected to be disbursed towards the end of the year. For instance, the cash requirements for the creation and filling up of positions of the DepEd are usually requested towards the latter part of the year even while the actual creation of positions takes place in the second quarter and the filling up of positions throughout the year. The agency still uses its available cash allocations from its regular PS before requesting for additional funds chargeable against the MPBF starting the fourth quarter. Similarly, the remaining programmed allocations for the LGUs, as well as the subsidies to the GOCCs are expected to be requested in the remaining months following their planned implementation of activities. For example, regional field offices of the NIA have started to submit payment requests for processing in the Central Office. The payment of these due and demandable obligations is expected to be credited starting this September.

In addition to this, agencies are strengthening their procurement processes by deploying more staff to support their BAC functions and decentralizing their procurement operations. Hence, the TESDA for instance is studying the possibility of decentralizing the procurement of Special Training for Employment Program (STEP) toolkits. To avoid the delays or non-payment of obligations, agencies have also been following up and assisting their contractors/creditors/beneficiaries to ensure more timely and complete billing papers.

While the underspending recorded in the previous months may no longer be fully recovered, the accelerating timing of payments, mostly for infrastructure and maintenance expenditures, due to the measures being undertaken by agencies as mentioned above should contribute to bolstering domestic economic activity in the coming months.