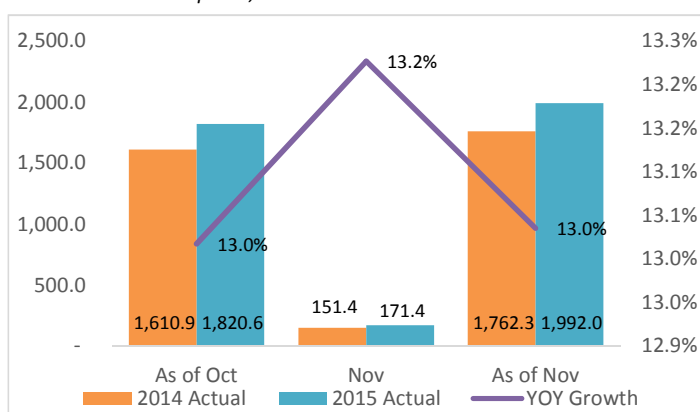


# NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF NOVEMBER 2015

National Government disbursements rebounded to P171.4 billion this November, expanding by 13.2 percent, to reverse the contraction recorded last year. It may be recalled that the government spending slid down by almost 8 percent in the same month in 2014 from the P164.0 billion disbursements posted in 2013 largely due to lower non-NCA expenditures. While non-NCA expenditures continued to decline for the same period this year, total spending level still increased by P20.0 billion at the back of strong disbursements for the more productive component of the budget. The government continued providing the necessary cash support for the implementation of education, social development programs, road and other infrastructure projects, including the defense modernization. With the continued acceleration of the monthly spending level this year, the cumulative disbursements reached P1,992.0 billion, up by 13.0 percent, surpassing the 5.1 percent growth recorded in 2014 for the same period.

**Figure 1. NG Disbursements as of November**  
Amounts in billion pesos, unless otherwise indicated



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

in billion pesos, unless otherwise indicated

Particulars	As of October				November				As of November			
	2014	2015	Inc/(Dec)		2014	2015	Inc/(Dec)		2014	2015	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	1,205.1	1,426.0	220.9	18.3	124.3	149.2	25.0	20.1	1,329.4	1,575.2	245.8	18.5
% of Eff. NCA	87.0%	93.1%			75.9%	92.1%			85.8%	93.0%		
Non-NCA	405.8	394.6	(11.2)	(2.8)	27.1	22.2	(4.9)	(18.2)	432.9	416.8	(16.1)	(3.7)
Total	1,610.9	1,820.6	209.7	13.0	151.4	171.4	20.0	13.2	1,762.3	1,992.0	229.7	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 October				November				As of November			
	2014	1,384.8			2014	163.7			2014	1,548.6		
	2015	1,531.6			2015	162.0			2015	1,693.6		
Allotment Releases												
As of November 2014	2,154.3	94.2% of the P2.287 trillion obligation program (including supplemental appropriations)										
As of November 2015	2,511.6	96.4% of the P2.606 trillion obligation program										
Source: DBM-Budget Technical Bureau												

## Use of Disbursement Authorities

Likewise, NCA disbursements surged by 20.1 percent this November to reach P149.2 billion, recovering from the 1.8 percent reduction in 2014. This cash disbursement level represents a 92.1 percent absorption of all the effective NCA issued for the month, 16 percentage points higher than the 76 percent fund absorption in the same period last year. Among the key departments which were able to spend more of their cash allocations are the following: DOH (98.8 percent in 2015 against 40.5 in 2014); DILG (86.8 percent vs. 73.8 percent); DPWH (100.3 percent vs. 68.5 percent); DSWD (74.3 percent vs. 24.3 percent). Their improved performance supported the continued improvement in NCA utilization for the month. As a result, cumulative cash

disbursements shot up by 18.5 percent to end at P1,575.2 billion. This is equivalent to 93 percent of the effective NCAs for the period compared to only 86 percent in the previous year.

Meanwhile, non-NCA disbursements were lower this month by P4.9 billion or 18.2 percent from the P27.1 billion in 2014 mainly on account of the absence of large net lending assistance to GOCCs this year. For instance, some P3.1 billion net lending was provided to the National Development Company (NDC) in 2014 to advance the payment of its loans but no similar release was made this year. In addition, the lower interest payments as a result of bond exchanges contributed to lower non-cash expenditures. The bond exchange is a liability management strategy of the BTr which retires more expensive debt instruments in favor of more cheaper and longer-maturing securities.

## Allotment Releases

For the month of November, some P27.1 billion allotments were issued to various agencies. The release were mostly from the Special Purpose Funds (P12.2 billion), from current year regular budgets of agencies ( P4.9 billion) and from automatic appropriations at P3.9 billion. A chunk of the allotment issued from SPFs were intended for the creation of new positions (P2.7 billion) and payment of terminal leave and retirement gratuity benefits (P3.2 billion) while three-fourths of the P4.9 billion releases to the departments were meant for the implementation of Health Facilities Enhancement Program of the DOH nationwide, including ARMM. On the other hand, the bulk of the P3.9 billion releases from the automatic appropriations were allotted for the maintenance and improvement of national and local roads and bridges by the DPWH nationwide chargeable against the Motor Vehicle User's Charge Fund.

With these additional releases, the total allotment releases as of November amounted to P2,511.6 billion equivalent to 96.4 percent of the P2,606.0 obligation program for 2015. This is slightly better than the P2,154.3 billion releases made in 2014 representing 94.2 percent of the total program.

## Year-on-Year Performance

### For the Month of November 2015

Spending for the month of November relied mostly on higher disbursements from the three major expenditure items - personnel services, maintenance expenditures, and infrastructure and other capital outlays which grew by 12.3 percent, 34.8 percent and 38.1 percent, respectively.

- Personnel services spending reached P69.5 billion, P7.6 billion higher than the level posted in 2014. This was accounted for by the payments made to cover the PS deficiency as a result of the filling up of positions in the DILG (BFP and PNP), DOH and DND as well as payment of monetization and retirement gratuity and terminal leave claims in the DND and DILG.

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

Expenditure Items	November		Inc/(Dec)	
	2014	2015	Amount	%
CURRENT OPER. EXP.	127.1	143.8	16.8	13.2
PS	61.9	69.5	7.6	12.3
MOOE	20.9	28.2	7.3	34.8
Subsidy	2.7	3.7	1.0	38.1
Allotment to LGUs	22.8	26.0	3.2	14.1
IP	18.1	16.0	(2.1)	(11.6)
TEF	0.7	0.4	(0.3)	(39.0)
CAPITAL OUTLAYS	20.6	27.2	6.6	32.3
Infra & Other CO	14.8	20.4	5.6	38.1
Equity	0.1	0.0	(0.0)	(51.9)
Capital Transfers to LGUs	5.8	6.8	1.0	18.0
NET LENDING	3.8	0.4	(3.4)	(89.9)
<b>TOTAL</b>	<b>151.4</b>	<b>171.4</b>	<b>20.0</b>	<b>13.2</b>

- Maintenance expenditures rose to P28.2 billion due to the increase in payments this month for the scholarship program (GASTPE) and purchase of textbooks under the Basic Education program of

DepEd. The sustained implementation of community-driven development programs under the DILG such as BUB and PAMANA continued to contribute to higher maintenance spending.

- Capital spending climbed by 38.1 percent to P20.4 billion from the P14.8 billion recorded last year. This is mostly attributed to the continued implementation of road infrastructure projects of the DPWH such as the upgrading and rehabilitation of road and bridges nationwide. The disbursements for the upgrading and modernization of defense assets/facilities of the DND under the AFPMP also boosted capital expenditures. The assets/facilities purchased include, among others, the mapping and communication systems, civil engineering, medical and dental equipment and light utility vehicles which would enhance the capability and operations of the DND.
- Government subsidy to corporations likewise increased by P1.0 billion. This increase was a result of the net impact of the additional release made to PHIC (P2.3 billion) to cover the additional enrollees to the National Health Insurance Program and the absence of releases to smaller corporations this month either due to the timing of release or programming differences. The release to PHIC was scheduled to be made at the earlier part of the year but was deferred pending the results of the members' data or record cleaning implemented by the agency.

#### *For the Period January – November 2015*

With the disbursements of P171.4 billion this month, cumulative government spending reached P1,992.0 billion, P229.7 billion or 13.0 percent higher than the levels recorded in 2014. As discussed in our earlier reports the following major expense items continued to be the source of growth in government disbursements as can be seen in the table on the right:

1. Higher personnel services expenditures which peaked between June to August in view of the releases of performance based benefits like the PEI and PBB for government employees of agencies that met their performance targets or commitments. The release of the requirements for the creation and filling up of positions in key agencies towards the end of the second and fourth quarters also contributed to increased PS spending.
2. Increased maintenance expenditures due to higher allocations for the government's core social development programs such as the CCT implemented by the DSWD, health banner programs spearheaded by the DOH and community-driven development initiatives under the DILG. Moreover, COMELEC expenditures for the conduct of 2016 National and Local Elections, specifically for the lease of PCOS machines this October led to larger maintenance expenses.
3. Strong infrastructure spending which picked up starting the second semester mainly on account of the implementation of DPWH road infrastructure programs and DND disbursements for the modernization of the AFP.

**Table 3. NG Disbursements, As of November**

*Amounts in billion pesos, unless otherwise indicated*

Expenditure Items	As of November		Inc/(Dec)	
	2014	2015	Amount	%
CURRENT OPER. EXP.	1,442.5	1,607.7	165.3	11.5
PS	541.5	598.4	56.9	10.5
MOOE	274.4	357.1	82.8	30.2
Subsidy	66.3	66.0	(0.3)	(0.5)
Allotment to LGUs	250.5	285.9	35.4	14.1
IP	292.3	287.9	(4.4)	(1.5)
TEF	17.6	12.4	(5.2)	(29.3)
CAPITAL OUTLAYS	306.6	375.0	68.4	22.3
Infra & Other CO	237.3	291.3	54.0	22.8
Equity	1.5	0.5	(1.0)	(64.0)
Capital Transfers to LGUs	67.8	83.1	15.3	22.6
NET LENDING	13.2	9.3	(3.9)	(29.7)
<b>TOTAL</b>	<b>1,762.3</b>	<b>1,992.0</b>	<b>229.7</b>	<b>13.0</b>

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

With one more month remaining for the fiscal year 2015, only P94.4 billion<sup>1</sup> worth of allotments mostly from the Special Purpose Funds remain to be unreleased. The bulk of the unreleased balance pertains to MPBF and PGF allocations, as well as the Special Share of LGUs in the National Wealth. Allotments from the MPBF and PGF will only be issued upon special budget requests of agencies based on the amount needed to create or fill up positions or to pay pension and retirement claims. On the other hand, the release of LGU shares from the proceeds of National Wealth will be dependent on the certification of tax collecting agencies. Although the said allotments may be too large to be disbursed in December, the spending trends of previous years suggest that most agencies tend to spend more during the last month of the year. One reason for that behavior is that the suppliers and contractors of the various agencies fast track the submission of their requests for payment of delivered or completed works before the closing of books of the agencies at the end of the year.

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