

## NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

### AS OF AUGUST 2016

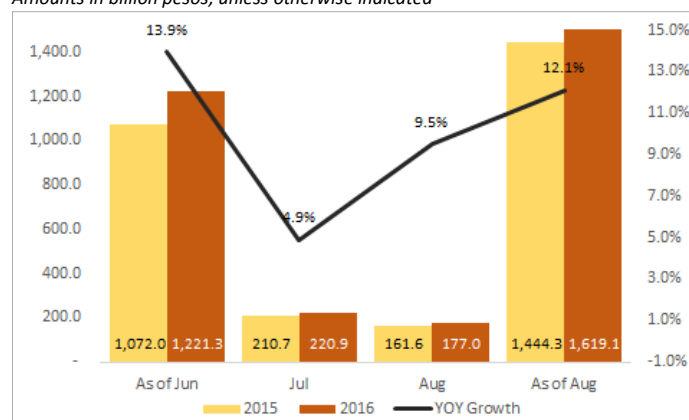
National government disbursements as of August 2016 stood at P1,619.1 billion, expanding by 12.1 percent or P177.0 billion more than the levels recorded for the same period in 2015. Although the cumulative growth is below the 13.9 percent growth for the first semester, this is still higher than the 11.4 percent increase posted for the comparable period in 2015.

Spending for the month of August grew by 9.5 percent to reach P177.0 billion. The growth is faster than the 4.9 percent recorded in July to signal the gradual acceleration of disbursements since the new administration took over.

Cash or NCA disbursements for the month amounted to P146.9 billion (*see Table 1 below*), up by P7.9 billion or 5.7 percent on account of higher personnel and capital expenditures of line agencies. The growth in cash disbursements, however, was moderated by lower DSWD spending as payments for the cash grant under the *Pantawid Pamilyang Pilipino Program (4Ps)* were only credited in September. Based on bank reports, only 26.8 percent or P3.5 billion out of the P13.1 billion NCA releases to the agency for August 2016 was disbursed, compared to 93.4 percent or P14.2 billion of the P15.2 billion releases for the same month in 2015. This also resulted to lower overall NCA utilization rate – the ratio of negotiated checks to all effective NCA issuances – at 84.8 percent from the 97.3 percent recorded in August last year. Non-NCA disbursements, on the other hand, increased to P30.1 billion this August from the P22.6 billion in the previous year owing to higher debt servicing costs from payment of global bonds.

For the cumulative period, cash disbursements sustained an upward trend, albeit at a slower rate of 16.5 percent, to reach P1,299.7 billion. Meanwhile, non-cash expenditures ended at P319.4 billion as of August 2016, down by P8.9 billion or 2.7 percent from the disbursements posted for the same period in 2015, despite the increase in interest payments for the month.

**Figure 1. National Government Disbursements as of August**  
Amounts in billion pesos, unless otherwise indicated



**Table 1. Comparison of NCA and Non-NCA Disbursements, 2015 -2016**

Amounts in billion pesos, unless otherwise indicated

Particulars	As of July				August				As of August			
	2015	2016	Inc/(Dec)		2015	2016	Inc/(Dec)		2015	2016	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	976.9	1,152.8	175.9	18.0	139.0	146.9	7.9	5.7	1,115.9	1,299.7	183.8	16.5
% of Eff. NCA	90.9%	92.9%			97.3%	84.8%			91.7%	91.9%		
Non-NCA	305.7	289.4	(16.4)	(5.4)	22.6	30.1	7.4	32.9	328.4	319.4	(8.9)	(2.7)
<b>TOTAL</b>	<b>1,282.7</b>	<b>1,442.2</b>	<b>159.5</b>	<b>12.4</b>	<b>161.6</b>	<b>177.0</b>	<b>15.3</b>	<b>9.5</b>	<b>1,444.3</b>	<b>1,619.1</b>	<b>174.9</b>	<b>12.1</b>

#### Memo Item

Effective NCAs issued net of Trust Liabilities, Gross of Working Fund

	As of July		August		As of August	
	2015	2016	2015	2016	2015	2016
	1,074.6	1,240.6	142.8	173.3	1,217.4	1,413.9

#### Allotment Releases

As of August 2015	2,397.7	92.0% of the P2,606.0 billion obligation program
As of August 2016	2,706.8	90.2% of the P3,002.0 billion obligation program

Sources: Bureau of the Treasury and DBM-Budget Technical Bureau

## Allotment Releases

As of August 2016, 90.2 percent or P2,706.8 billion of the total P3,001.8 obligation program for the year has already been released to implementing agencies. This is slightly lower than the 92.0 percent rate of releases to obligation program in 2015 as the administration of personnel benefits expenditures were included as part of the *For Later Release* portion of the GAA. Two-thirds of this releases or P1,792.7 billion came from the new appropriations while the remaining P914.1 billion from the automatic appropriations and other releases accommodated within the year's obligation program. Releases under the new appropriations consist largely of the P1,532.9 billion regular budget of agencies. As of end August this year, it already accounts for almost 95.0 percent of the P1,619.9 billion department-specific budget programmed for the year.

## Year-on-Year Performance

### For the Month of August

Disbursements for the month of August amounted to P177.0 billion, up by 9.5 percent or some P15.3 billion additional outlays from the level in 2015. Although the growth is slower than 15.3 percent posted for the same month in 2015, spending gained more speed from the 4.9 percent recorded in July after being propelled by the surge in capital expenditures, and higher personnel services and interest payments.

**Table 2. National Government Disbursements, January to August**

*Amounts in billion pesos, unless otherwise indicated*

Expenditure Class	August		January to August		Increase/(Decrease)			
	2015	2016	2015	2016	August		January to August	
					Amt	%	Amt	%
<b>Current Operating Exp.</b>	<b>129.4</b>	<b>136.6</b>	<b>1,163.5</b>	<b>1,234.1</b>	<b>7.2</b>	<b>5.5</b>	<b>70.6</b>	<b>6.1</b>
Personnel Services	44.8	50.7	416.1	432.3	5.8	13.0	16.2	3.9
MOOE	32.8	25.6	248.7	270.6	(7.3)	(22.1)	21.8	8.8
Subsidy	8.8	7.4	55.1	79.3	(1.4)	(15.9)	24.2	43.9
Allotment to LGUs	26.0	28.6	207.9	228.5	2.6	10.0	20.6	9.9
Interest Payments	16.5	23.4	225.7	217.2	7.0	42.4	(8.5)	(3.8)
Tax Expenditures	0.5	0.9	10.0	6.4	0.4	85.0	(3.6)	(36.2)
<b>Capital Outlays</b>	<b>32.1</b>	<b>41.5</b>	<b>277.7</b>	<b>382.1</b>	<b>9.5</b>	<b>29.6</b>	<b>104.3</b>	<b>37.6</b>
Infrastructure/Other CO	25.4	34.0	214.2	301.7	8.6	33.7	87.5	40.9
Equity	0.0	0.0	0.3	8.5	(0.0)	-	8.1	2,416.7
Capital Transfers to LGUs	6.6	7.6	63.2	71.9	0.9	14.0	8.7	13.7
<b>Net Lending</b>	<b>0.2</b>	<b>(1.1)</b>	<b>3.1</b>	<b>3.0</b>	<b>(1.3)</b>	<b>(808.6)</b>	<b>(0.1)</b>	<b>(3.7)</b>
<b>TOTAL</b>	<b>161.6</b>	<b>177.0</b>	<b>1,444.3</b>	<b>1,619.1</b>	<b>15.3</b>	<b>9.5</b>	<b>174.9</b>	<b>12.1</b>

Infrastructure and other capital expenditures rose to P34.0 billion, P8.6 billion or nearly 34.0 percent more than the P25.4 billion disbursements in the previous year. This resulted from the continuous roll-out of road infrastructure programs of the DPWH mainly for road network services, and maintenance and construction of other infrastructure assets, including convergence programs implemented for the month. Additional capital expenditures were also generated from the 1) repair and rehabilitation of school facilities, and construction of classrooms and school buildings in some DepEd school divisions and SUCs; 2) upgrading of health facilities in DOH hospitals; and 3) payment of completed irrigation projects which were implemented by the NIA when it was still attached to the DA-OSEC. The latter include irrigation system components of the Casecan Multi-Purpose Irrigation and Power Project, Balog-balog, Malitubog-Maridagao, and Upper Pampaga River Irrigation projects. These are separate from the irrigation projects currently implemented by the NIA and funded through national government subsidies or transfers.

Personnel services grew by 13.0 percent to P50.7 billion accounting for the impact of the compensation adjustment of 2016, filling up of positions in key agencies such as the DepEd and DOH, as well as the release of the Performance-Based Bonus in the DND.

Similarly, interest payments increased by 42.4 percent equivalent to P7.0 billion due to the timing and recording of global bonds payments made by the BTr this month.

The three expenditure items combined for some P21.4 billion expansion but was weighed down by the P7.3 billion or 22.1 percent reduction in maintenance spending. Although maintenance and other operating expenditures have increased for some agencies such as school operations and implementation of the Senior High School Program (DepEd), relief assistance extended to workers stranded in the Kingdom of Saudi Arabia (DOLE), and scholarship programs (CHED); it was countered by the minimal disbursements recorded in the DSWD. As earlier mentioned, the payments of cash grants – a component of the 4Ps – were not made in August but instead credited the following month. The agency experienced some delays during the transition period as their programs and projects were evaluated relative to the plans and policies of the new administration.

#### *For the Period January to August 2016*

Disbursements as of August this year have already reached P1,619.1 billion, P174.9 billion or 12.1 percent more than the levels recorded for the same period in 2015. The acceleration was largely driven by the 41.0 percent growth in infrastructure and other capital expenditures, contributing some P87.5 billion or half of the increase in total disbursements for the period. Support to GOCCs also boosted government spending where subsidy grew by P24.2 billion (43.9 percent y-o-y growth) mainly from the irrigation projects of the NIA and housing programs of the NHA, while equity rose by P8.1 billion (2,416.7 percent y-o-y growth) from the investment outlays to the LBP and DBP. Personnel services and maintenance expenditures contributed further to higher disbursements as a result of salary increase and expanded social services, respectively. Lower interest payments, claims from tax expenditures and net lending assistance, however, tempered the growth in disbursements for the period.

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

Less than 10.0 percent of the total P3,001.8 billion obligation program will be released for the remaining four months of the year. This is largely made up of allocations from the Special Purpose Funds which would only be released once requested by line agencies upon compliance with the conditions required in the GAA.

The faster 9.5 percent growth recorded for the month of August compared to the 4.9 percent growth in July earlier this year is a positive sign that the transition period is gradually weaning. With almost all of the funds already available to line agencies, program and project implementation during this period should come in full swing. This could hopefully speed up government spending further for the rest of the year.