

NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF NOVEMBER 2016

National government spending reached P2,265.8 billion as of November 2016, increasing by almost P274.0 billion or 13.7 percent from the comparable period in 2015. The growth of disbursements for the 11-month period was faster than that of the 13.0 percent increase recorded for the same period in 2015 and the 11.9 percent recorded as of October 2016.

Meanwhile, disbursements in November 2016 rebounded to a year-high growth of 33.2 percent from a contraction in the previous month to reach P228.4 billion compared to the P171.4 billion in the year-ago period.

The upswing was driven by the P47.3 billion or 31.7 percent increase in cash disbursements to reach P196.6 billion in November 2016, owing to the requirements of personnel services and benefits (e.g., creation/filling up of positions, year-end and performance-based bonuses, payment of retirement and terminal leave claims) and implementation of social programs, and infrastructure and other capital outlay projects of line agencies. NCA utilization for the month stood at 89.6 percent, close to the 90.4 percent recorded in November 2015. The disbursement of the unutilized NCAs, however, may spillover in December as they remain valid until the last working day of the quarter. This could mean higher disbursements for the following month.

Non-NCA expenditures have likewise expanded in November 2016. Non-cash disbursements amounted to P31.8 billion, up by P9.6 billion or 43.3 percent year-on-year mainly as a result of higher tax subsidy and interest payments. Nonetheless, cumulative cash disbursements continued to outpace the growth in non-NCA disbursements at 17.3 percent versus 0.1 percent primarily because of larger support and operational expenditures of the government against declining debt servicing costs.

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

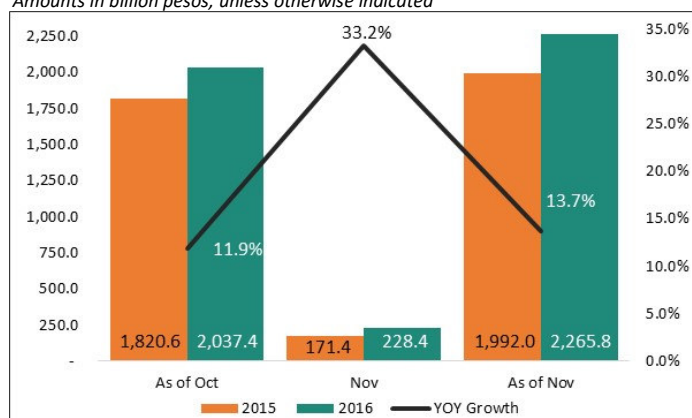


Table 1. Comparison of NCA and Non-NCA Disbursements, 2015 -2016

Amounts in billion pesos, unless otherwise indicated

Particulars	As of October				November				As of November			
	2015	2016	Inc/(Dec)		2015	2016	Inc/(Dec)		2015	2016	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	1,426.0	1,651.9	225.9	15.8	149.2	196.6	47.3	31.7	1,575.2	1,848.4	273.2	17.3
% of Eff. NCA	93.1%	91.6%			90.4%	89.6%			92.8%	91.4%		
Non-NCA	394.6	385.6	(9.0)	(2.3)	22.2	31.8	9.6	43.3	416.8	417.4	0.6	0.1
TOTAL	1,820.6	2,037.4	216.9	11.9	171.4	228.4	56.9	33.2	1,992.0	2,265.8	273.8	13.7

Memo Item

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

As of October		November		As of November	
2015	2016	2015	2016	2015	2016
1,531.7	1,802.6	165.0	219.5	1,696.7	2,022.1

Allotment Releases

As of November 2015	2,511.6	96.4% of the P2,606.0 billion obligation program
As of November 2016	2,839.6	94.6% of the P3,002.0 billion obligation program

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

Allotment Releases

As of November 30, 2016, allotment releases totaled to P2,839.6 billion or 94.6 percent of the P3,002.0 billion obligation program for 2016. Of this, some P43.6 billion was released in November mostly from Special Purpose Funds to cover the subsidy requirements of GOCCs (P10.6 billion), tax subsidies (P5.4 billion), PS requirements for filling up of positions and other PS deficiencies (P3.4 billion), PGF for pension and terminal leave benefits (P3.3 billion) and NDRRMF for the rehabilitation of calamity-stricken areas (P2.1 billion).

Year-on-Year Performance

For the Month of November

As earlier mentioned, the spending for the month of November 2016 posted the highest monthly annual growth for the year at 33.2 percent to reach P228.4 billion. All three major expense classes – PS, MOOE and Infrastructure and Other Capital Outlays – have increased significantly from their November 2015 levels to lead the acceleration of disbursements for the month.

Table 2. National Government Disbursements, January to November

Amounts in billion pesos, unless otherwise indicated

Expenditure Class	November		January to November		Increase/(Decrease)			
	2015	2016	2015	2016	November		January to November	
					Amt	%	Amt	%
Current Operating Exp.	143.8	190.8	1,607.7	1,733.1	46.9	32.6	125.4	7.8
Personnel Services	69.5	83.4	598.4	631.8	13.8	19.9	33.4	5.6
MOOE	28.2	39.7	357.1	390.3	11.5	40.7	33.1	9.3
Subsidy	3.7	14.2	66.0	98.1	10.5	284.0	32.1	48.7
Allotment to LGUs	26.0	28.6	285.9	314.3	2.6	10.0	28.4	9.9
Interest Payments	16.0	19.6	287.9	285.4	3.6	22.3	(2.5)	(0.9)
Tax Expenditures	0.4	5.4	12.4	13.3	5.0	1,193.0	0.9	7.1
Capital Outlays	27.2	37.4	375.0	528.0	10.2	37.5	153.0	40.8
Infrastructure/Other CO	20.4	30.4	291.3	426.3	10.0	49.3	135.0	46.3
Equity	0.0	0.0	0.5	8.5	(0.0)	(36.0)	8.0	1,487.3
Capital Transfers to LGUs	6.8	7.0	83.1	93.2	0.2	2.6	10.1	12.1
Net Lending	0.4	0.2	9.3	4.7	(0.2)	(54.7)	(4.6)	(49.9)
TOTAL	171.4	228.4	1,992.0	2,265.8	56.9	33.2	273.8	13.7

- Personnel services grew by P13.8 billion or nearly 20.0 percent largely due the release of the year-end bonus (YEB). Under EO 201 s2016, the existing YEB equivalent to one (1) month basic salary and Cash Gift at prescribed rates are granted in November of every year. In previous years, however, half of the said benefits was granted in November while the other half in May. Aside from the YEB, requirements for the filling up of positions, upgrading or reclassification of positions in the DepEd, as well as the creation of positions in the DILG-BFP and release of retirement and terminal leave benefits in some agencies contributed to higher year-on-year PS expense.
- Maintenance spending increased by P11.5 billion or 40.7 percent following the payout of cash grants under the 4Ps of the DSWD during the month, and the operating expenditures of DepEd schools nationwide including the payments for Senior High School and GASTPE programs.

- Infrastructure and other capital expenditures rose by P10.0 billion or 49.3 percent as a result of sustained implementation of road infrastructure projects of the DPWH. The same was also raised by the payments made for completed repair and rehabilitation of classrooms and education facilities in DepEd schools, local infrastructure projects in the ARMM, and other capital outlay projects in some SUCs and DOH hospitals nationwide.

Disbursements for the month were likewise propelled by higher regular and tax subsidies to GOCCs as well as interest expense. Regular subsidy, surged by P10.5 billion or 284.0 percent from the level in 2015, mainly to cover the requirements of the following GOCC programs and projects: i) completed electrification projects of the NEA – P2.1 billion; ii) irrigation projects of the NIA – P1.7 billion; and iii) health insurance premiums of senior citizens and other beneficiaries enrolled under the *National Health Insurance Program* (NHIP) of the PHIC (P7.7 billion). Similarly, tax expenditures grew in November 2016 by P5.0 billion or nearly 12 times its level for the same month in 2015 on account of the customs duties of the NFA relative to its rice importation program. Interest payments, meanwhile, increased by P3.6 billion or 22.3 percent due to bond exchange transactions and payments taken up in November 2016 but were previously made in December in 2015.

For the Period January to November 2016

As a result of the robust spending during the month, disbursements as of November 2016 expanded by 13.7 percent reaching P2,265.8 billion. Infrastructure spending remained to be a steady source of growth of disbursements which increased by around P135.0 billion or 46.3 percent from its level for the same 11-month period in 2015. This is attributed to the projects implemented by the DPWH for both regular maintenance, upgrading of national roads and convergence programs, modernization program of the DND-AFP, and capital outlay projects in DOH (e.g., health facilities) SUCs (e.g., building construction, equipment) the DepEd (e.g., repair and rehabilitation of classrooms and educational facilities), among others.

Cumulative disbursements were also buoyed by higher personnel services expenditures (P33.4 billion or 5.6 percent year-on-year growth) for the creation/filling up of positions in various agencies and benefits of government employees; maintenance expenditures (P33.1 billion or 9.3 percent) primarily for the delivery of basic social services; and subsidy (P32.1 billion or 48.7 percent) to cover the payments for completed housing programs of the NHA, irrigation projects of the NIA as well as the additional beneficiaries under the NHIP of the PHIC.

Outlook for the Rest of the Year

As of end-November 2016, only P162.2 billion or just 5.4 percent of the total expenditure program remained unreleased, mostly from Special Purpose Funds. It is expected that most, if not all of these allotments, will be fully released and utilized at the end of the year. Given the spending behavior of agencies to accelerate implementation before the closing of books, this could further boost the disbursements in December to surpass the 8.8 percent year-on-year growth recorded in 2015. Moreover, the allotments for MOOE and CO could still be utilized this 2017 given the two-year validity of the 2016 GAA. This will likely contribute to higher disbursements during the first to early second quarter of this year.