

## NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF FEBRUARY 2017

National Government spending for the first two months of 2017 amounted to P373.7 billion, up by P14.4 billion or 4.0 percent from the level for the same period in 2016. Excluding interest payments, government spending increased by 5.0 percent. Disbursements for January and February this year meanwhile grew by 6.7 percent and 1.1 percent, respectively, amidst the high spending levels recorded for the same months in the previous year as well as ongoing implementation of agency programs/projects.

Figure 1. National Government Disbursements as of February



Non-NCA disbursements<sup>1</sup> rose by 9.6 percent for the two-month period ending at P127.5 billion, P11.2 billion more than the level in 2016 (see Table 1). The increase is largely credited to the encashment of some P45.3 billion worth of check floats during the first two months of 2017 compared to P35.8 billion for the same period in 2016. Check floats are payments for which checks have been issued in 2016 but were only presented for encashment this year. These are not part of the current year's NCA releases since their corresponding disbursement authorities have already been issued in the previous year.

Table 1. Comparison of NCA and Non-NCA Disbursements, 2016-2017

In billion pesos, unless otherwise indicated

Particulars	January				February				As of February			
	2016	2017	Inc/(Dec)		2016	2017	Inc/(Dec)		2016	2017	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	100.7	105.9	5.2	5.1	142.3	140.3	(2.0)	(1.4)	243.0	246.2	3.2	1.3
% of Eff. NCA	66.5%	70.4%			92.0%	77.0%			79.3%	74.0%		
Non-NCA	85.0	92.2	7.2	8.5	31.3	35.2	3.9	12.6	116.3	127.5	11.2	9.6
<b>TOTAL</b>	<b>185.7</b>	<b>198.1</b>	<b>12.4</b>	<b>6.7</b>	<b>173.6</b>	<b>175.6</b>	<b>2.0</b>	<b>1.1</b>	<b>359.3</b>	<b>373.7</b>	<b>14.4</b>	<b>4.0</b>

### Memo Item

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

	January	February	As of February
2016	151.5	154.7	306.2
2017	150.4	182.1	332.6

### Allotment Releases

As of February 2016	2,365.3	78.8%	of the P3,001.8 billion obligation program
As of February 2017	2,574.6	76.9%	of the P3,350.0 billion obligation program

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

Cash disbursements, on the other hand, increased by a mere 1.3 percent to reach P246.2 billion as of end February 2017, equivalent to only 74.0 percent of the P332.6 billion worth of NCAs effective for the period.

Some big-spending departments were unable to fully utilized their respective NCA allocations such as the DFA at 26.0% leaving some P1.9 billion unutilized; DOTr (31.0%, P7.7 billion); DENR (43.0%, P2.4 billion); DOH (74.0%, P2.4 billion); DSWD (71.0%, P5.6 billion); DepEd (80.0%, P11.0 billion); DPWH (83.0%, P5.6 billion); and other agencies like OEO-OPAPP (2.0%, P3.6 billion); and ARMM (42.0%, P2.6 billion). These departments/agencies are currently obligating their programs and projects while the implementation of some are also ongoing that at this early stage, payments have not been fully made. For example, the procurement

<sup>1</sup> Expenditure items which do not need the issuance of Notice of Cash Allocations or NCAs such as Interest Payments, Net Lending, Tax Expenditures and Tax Remittance Advice.

of medicines and vaccines under the DOH is still going on, as current supplies and stocks could still meet the requirements for the first few months of the year. Similarly, the hosting of events and meetings by the DFA in connection with the 2017 ASEAN Summit are underway while some are scheduled later in the year. The implementation of local infrastructure projects in the ARMM is also ongoing while the Memorandum of Agreement with line agencies for the implementation of PAMANA projects is currently being processed by the OPAPP. On the other hand, the 15 percent mobilization costs for some projects of the DPWH has not been released yet due to modifications being made such as correction of the name, description or location of projects or changes in implementing units. These bring to fore the issue of the need for better cash forecasting in agencies.

The low outturn also stemmed from the huge amount of outstanding checks or unclaimed payments from January to February this year worth P20.3 billion compared to the P12.9 billion accumulated for the same period in 2016. Of the outstanding checks as of February this year, P9.3 billion was recorded in the DSWD-OSEC representing cash assistance payouts under the Pantawid Pamilyang Pilipino Program (4Ps) but were only credited to the respective account of the beneficiaries in March.

### Allotment Releases

As of end-February 2017, total allotment releases amounted to P2,574.6 billion equivalent to almost 77 percent of the P3,350.0 billion obligation program for the year. These include some P1,650.7 billion worth of allotments for the regular budget of line agencies which already represent 83.8 percent of the programmed P1,968.8 billion department-specific budget.

### Year-on-Year Performance, January to February 2017

Disbursements for the first two months of the year stood at P373.7 billion, increasing by P14.4 billion or 4.0 percent year-on-year. Spending expanded on account of the following items:

- Personnel services grew by P8.9 billion or 10 percent to reach P98.5 billion due to the second tranche implementation of the compensation adjustment under EO No. 201, s.2016, and higher combat incentive and combat duty pays of the military and uniformed personnel of the DND-AFP and DILG-PNP pursuant to EO No. 3, s.2016. The increase is also credited to the release of the 2015 PBB for some DepEd regional offices.
- Combined allotment and capital transfers to LGUs amounted to P81.8 billion, P9.7 billion or 13.4 percent more than the previous year as a result of higher shares from the proceeds of internal revenue collections as well as releases for local infrastructure projects funded under the Local Government Support Fund.

Table 2. National Government Disbursements as of February

Expenditure Class	January to February		Increase/(Decrease)	
	2016	2017	Amt	%
CURRENT OPERATING EXP.	276.2	288.6	12.4	4.5
Personnel Services	89.6	98.5	8.9	9.9
MOOE	57.8	46.1	(11.7)	(20.2)
Subsidy	4.4	11.3	6.9	158.5
Allotment to LGUs	57.1	65.3	8.2	14.4
Interest Payments	66.9	66.6	(0.3)	(0.4)
Tax Expenditure Fund	0.4	0.8	0.4	107.4
CAPITAL OUTLAYS	82.4	86.1	3.8	4.6
Infra and Other CO	64.3	69.6	5.4	8.3
Equity	3.0	-	(3.0)	(100.0)
Capital Transfers to LGUs	15.1	16.5	1.4	9.6
NET LENDING	0.7	(1.1)	(1.8)	(249.4)
<b>TOTAL</b>	<b>359.3</b>	<b>373.7</b>	<b>14.4</b>	<b>4.0</b>

- Subsidy increased by P6.9 billion or more than 150 percent to end at P11.3 billion largely due to payments for completed irrigation projects of the NIA, and the settlement of its obligations for the implementation of various irrigation projects funded through the Agri-Agra bonds, PSALM and CASECNAN.
- Infrastructure and other capital expenditures reached almost P70 billion, up P5.4 billion or 8.3 percent year-on-year owing to the implementation of road infrastructure program and flood control projects of the DPWH as well as the P1.9 billion capital contribution to the Asian Infrastructure Investment Bank.

The expansion in disbursements however was tempered by the contraction in maintenance expenditures (P11.7 billion, 20.2 percent) due to, as discussed earlier, still ongoing implementation/procurement of the respective programs of big-spending agencies and outstanding checks in the DSWD. Equity fell by 100.0 percent absent the P3.0 billion capitalization requirement of the Landbank of the Philippines which was released in January 2016. Net lending meanwhile declined due to the repayments by the Home Guarantee Corporation (P1.0 billion) and the LRTA (P138 million) for their advances from the national government.

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

Some P775.4 billion allotments equivalent to 23.1 percent of the total obligation program are still available for release for the remaining months of the year. These are mostly made up of allocations from the Special Purpose Funds. The release of these requires the submission of special budget requests duly supported by complete documentary requirements. Meanwhile, line agencies are expected to utilize their remaining NCAs before it lapses at the last working day of the quarter which will likely boost the disbursements for the following month.