



Republic of the Philippines
Development Budget Coordination Committee
 Malacañang, Manila

Year-End Report on the 2015 National Budget

I. Introduction

In 2015, the Philippine economy showed resilience amidst tumultuous events on the domestic and global fronts: the El Niño phenomenon, the geopolitical tension in the West Philippine Sea and in the Middle East, the policy rate hikes by the US Federal Reserve, the decline in crude oil prices, and the economic slowdown in China. The economy grew by a respectable 5.9 percent, driven by strong household consumption and capital investments. This brought the average growth for the past six years to 6.2 percent, the fastest recorded since the late 1970s.

The success of the country's economy during the period was anchored on the strong macroeconomic fundamentals and fiscal expansion policies. For instance, the low interest rates and the manageable inflation environment kept both the business sector and the consumer sector upbeat in their spending and expansion efforts. Government spending, on the other hand, provided additional stimulus to the market with the increased allocation for infrastructure development and social safety nets for the Filipino people. The positive perception of the government's policy direction encouraged more investments and employment opportunities, resulting in higher incomes.

The country's achievements were rather mixed in terms of year-on-year comparison and targets: poverty and subsistence incidence have declined but remained off-target; unemployment declined but underemployment rate increased; and vulnerable employment declined but remained high.

Relative to the fiscal, financial, social, and economic objectives of the national government, this report gives an overview of the country's performance for the previous fiscal year. The report tackles the following:

- ❖ Overview of the principles and policy reforms embedded in the 2015 Budget;

- ❖ Examination of the year's overall performance relative to the macroeconomic, revenue, expenditure, financing, and debt targets;
- ❖ Discussion of national government's expenditure performance by program, sector, expense class, and department/agency;
- ❖ Reporting of physical performance of key departments and major programs and projects based on the set performance indicators; and
- ❖ Summary of proposed legislative measures on fiscal reforms being supported.

II. 2015 National Government Budget

The 2015 Budget was crafted on the idea that no one should be left behind in the country's course to greater prosperity. This Budget was intended not only to establish an enabling environment for investments and businesses, but also to empower the poor and marginalized through social programs and services giving everyone equal opportunities in a growing economy. Hence, the 2015 was a Budget for Inclusive and Sustainable Development.

While the government continued to address the backlogs in public infrastructure by allocating increasingly greater amounts of resources to building roads, bridges and airports relative to the past few years, poverty incidence and income inequality remained high and evident. Despite the gains from a strong economic performance in the past years, its effect has not significantly dented the wall of poverty and inequality.

More than a decade ago, debt servicing took the lion's share of total government spending. In 2015, the allocation for debt servicing had been reduced to 15.3 percent, less than half of its share in 2005. Social services was budgeted the largest share of the PHP2.606-trillion Budget at 36.6 percent primarily for the implementation of basic education, healthcare and other social protection programs. Economic services, on the other hand, was given a 27.1 percent allocation to hike investments in public infrastructure to boost productivity in agriculture, manufacturing, and tourism. General services and defense, meanwhile, were provided with 16.5 percent and 4.4 percent of the total government budget, respectively.

By expense class, personnel services (PS) was allotted the largest share, taking 28.6 percent of the Budget for the salaries and benefits of government employees. Infrastructure and other capital outlays received 24.5 percent share for the construction of roads, bridges, airports, and railways. For the purchase of goods and services needed for the operation of various government programs, maintenance and other operating expenses (MOOE)

was allocated with 17.8 percent of the total budget. The rest of the budget was for interest payments, allotment and capital transfers to local government units (LGUs), net lending, and subsidy to government-owned and -controlled corporations (GOCCs).

III. Macroeconomic and Fiscal Performance

III.1 Macroeconomic Environment

Real Sector

Economic growth of the Philippines continued to be in the high-growth trajectory and was considered to be among the best economic performance in the region. In 2015, the country's gross domestic product (GDP) grew by 5.9 percent, 1.1 percentage points short of the government's target. Nonetheless, the Philippines placed ahead of Malaysia (5.0 percent), Indonesia (4.8 percent), and Thailand (2.8 percent), but trailed behind Vietnam (6.7 percent).

Table 1. 2015 Macroeconomic Performance, Actual versus Target

| Particulars | 2015 Target | | 2015 Actual |
|------------------------------|----------------------------------|----------------------------------|-------------|
| | FY 2015 BESF (Initial Target) | FY 2016 BESF (Updated Target) | |
| Nominal GNI (in PhP million) | | | |
| low-end | 17,005,365 | 16,683,570 | 16,096,913 |
| high-end | 17,326,074 | 16,934,480 | |
| Real GNI Growth Rate (%) | 6.7-7.7 | 6.7-7.7 | 5.8 |
| Nominal GDP (in PhP million) | | | |
| low-end | 14,184,337 | 13,919,080 | 13,307,265 |
| high-end | 14,453,838 | 14,144,729 | |
| Real GDP Growth Rate (%) | 7.0-8.0 | 7.0-8.0 | 5.9 |

Sources: National Economic and Development Authority (NEDA), Philippine Statistics Authority (PSA), 2015 and 2016 Budget of Expenditures and Sources of Financing (BESF)

GDP growth was driven largely by consumption and investment spending. The low inflation environment, increased employment opportunities, and the stable inflow of remittances fueled consumer spending, which grew by 6.3 percent in 2015, as against the 5.5 percent growth in 2014. Driven by the strong growth in construction and the resurgence of the manufacturing sector, capital formation also registered a remarkable growth in 2015. Capital formation increased by 15.1 percent in 2015, versus 5.2 percent in 2014. The continued positive outlook on the economy, marked by stable macroeconomic fundamentals, contributed to investment growth in construction and in durable equipment, particularly in land transportation.

Sale of commercial vehicles remained robust with a 19.2 percent growth in 2015.

The recovery of government spending also contributed positively to output growth as notable gains were seen in the last two quarters of 2015 particularly for capital investments. While total disbursements increased year-on-year by 12.6 percent, this was 12.8 percent below the programmed spending for the year as underspending was still high relative to the target during the second (15.2 percent) and third (14.8 percent) quarters, after which spending accelerated in the fourth quarter, slashing underspending to 8.0 percent.

Notwithstanding the generally weak global economy, total exports contributed positively and was able to grow within the target for the year. Export of merchandise goods increased by 7.5 percent in 2015, a deceleration from the 12.8 percent growth in 2014. Worth noting is the acceleration of the export of services (15.3 percent in 2015 against 7.4 percent in 2014) on the back of robust BPO receipts and increased number of tourist arrivals (5.36 million in 2015, 10.9 percent higher than the 4.83 million registered tourist arrivals in 2014), which bode well for the economy due to their strong linkage to employment and consumption.

Table 2. Philippine Real Sector Performance by Component, 2015

| Particulars | 2014 | 2015 | DBCC 2015 Target As of June 30, 2015 |
|-----------------------------|------|------|---|
| Supply Side | | | |
| Agriculture | 1.7 | 0.1 | 1.0-2.0 |
| Industry | 7.8 | 6.0 | 7.5-8.5 |
| Services | 6.2 | 5.8 | 7.8-8.8 |
| Demand Side | | | |
| Private Consumption | 5.5 | 6.3 | 5.9-6.9 |
| Government Consumption | 3.3 | 7.8 | 21.4-22.4 |
| Capital Formation | 5.2 | 15.1 | 17.1-18.5 |
| o.w. Fixed Capital | | | |
| Exports | 11.7 | 9.0 | 8.5-9.5 |
| Imports | 9.3 | 14.0 | 3.3-4.2 |
| Real Gross Domestic Product | 6.2 | 5.9 | 7.0-8.0 |

Source: PSA

On the production side, the acceleration of economic growth was restrained by the agriculture sector, which grew by a meager 0.1 percent as the El Niño phenomenon considerably reduced agriculture output, particularly during the second semester of 2015. Nonetheless, both the industry and service sectors supported the growth in output during the

period. In particular, the trade sector and transport, storage and communications (TSC) sector, posted significantly higher growth rates. Trade gained 7.1 percent in 2015 (versus 5.8 percent growth in 2014), while TSC rose by 8.0 percent (as against 6.5 percent in 2014). The growth figures posted by both the industry and services sectors also fell short of the government's target (Table 2). The lower public spending, particularly on infrastructure, translated to below-target growth in output. This then limited the performance of both the real estate and construction sectors in 2015. On the other hand, the output of the manufacturing sector decelerated to 5.7 percent in 2015 from the 8.3 percent in 2014, partly on account of the lower merchandise exports.

Monetary and External Sectors

The Philippines' macroeconomic fundamentals remained sound, characterized by resilient domestic growth, low and stable inflation, low interest rates, favorable fiscal position, and broadly stable Peso against the backdrop of a fragile global economic environment. Headline inflation averaged 1.4 percent in 2015, below the government target range of 3.0 ± 1.0 percentage point for the year. Adequate domestic supply of key food items and the significant decline in petroleum prices contributed to the low average inflation recorded in 2015.

Table 3: Macroeconomic Indicators, Actual versus Assumptions, 2015

| Particulars | 2015 | | |
|--|---------------------|------------------|--------|
| | FY 2015 BESF | FY 2016 BESF | Actual |
| | Initial Projections | Adjusted/Updated | |
| Inflation (%) | 2.0-4.0 | 2.0-4.0 | 1.4 |
| 364-day T-bill rate (%) ^{a/} | 2.0-4.0 | 2.0-4.0 | 2.1 |
| Exchange rate (PHP/USD, period average) | 42.00-45.00 | 43.00-46.00 | 45.50 |
| LIBOR, 6 months (%) | 1.0-2.0 | 0.4-1.5 | 0.5 |
| Dubai crude oil price (USD/barrel) | 90.00-110.00 | 50.00-70.00 | 50.92 |
| Merchandise exports growth (%) ^{b/} | 8.0 | 5.0 | -13.1 |
| Merchandise imports growth (%) ^{b/} | 10.0 | 1.0 | -3.2 |

Notes:

a/ Based on primary market rates

b/ Based on the Balance of Payments and International Investment Position Manual, 6th edition (BPM6) concept

Actual data for 2015 are annual averages.

Sources: Bangko Sentral ng Pilipinas (BSP), Bureau of the Treasury (BTr), Department of Budget and Management (DBM)

Nonetheless, the Bangko Sentral ng Pilipinas (BSP) was of the view that the monetary policy settings were appropriately calibrated amidst the below-target inflation for the year. In all eight monetary policy meetings in

2015, the BSP maintained its key policy interest rates at 4.0 percent for the overnight borrowing or reverse repurchase (RRP) facility, and 6.0 percent for the overnight lending or repurchase (RP) facility. The interest rates on term RRP, RPs, and Special Deposit Accounts (SDAs) were likewise kept steady. At the same time, the reserve requirement ratios (RRR) were left unchanged. The BSP's assessment of within-target inflation outlook over the policy horizon and firm domestic demand conditions underpinned its monetary policy decisions. The BSP's steady monetary policy stance along with benign inflation environment, ample liquidity in the system, and favorable National Government (NG) fiscal position resulted in low and stable interest rates. The 364-day Treasury bill rate registered an average of 2.1 percent in the twelve auctions offered by the Bureau of the Treasury (BTr) in 2015. This fell within the 2.0-4.0 percent DBCC assumption range for the year.

The Philippine Peso depreciated against the US Dollar, recording an average exchange rate of PHP45.50/US\$1 in 2015. This was within the adjusted exchange rate assumption of PHP43–46/US\$1 in the 2016 Budget of Expenditures and Sources of Financing (BESF), but slightly weaker than the initial projection of PHP42–45/US\$1 in the 2015 BESF. External economic developments, particularly in the US and China, influenced the trend in the Peso-Dollar exchange rate. As the recovery of the US economy gained traction and the market anticipated US policy rate hikes in 2015, the US Dollar strengthened. In addition, the fall in Chinese equity and the devaluation of Chinese Renminbi posed depreciation pressures on emerging market currencies, including the Peso. Nevertheless, the weakening of the Peso was in line with the regional trend. Moreover, the country's firm macroeconomic fundamentals, along with sustained foreign exchange flows from overseas Filipino (OF) remittances, business process outsourcing (BPO) earnings, and tourist receipts helped provide sufficient cushion against the volatilities caused by external developments.

Moreover, expectations of US Fed funds rate lift-off in 2015, following the US Fed's exit from its quantitative easing (QE) program in October 2014, contributed to slightly higher foreign rates. The average 180-day London Interbank Offered Rate (LIBOR) inched up to 0.5 percent in 2015, within the revised assumption range of 0.4 – 1.5 percent in the 2016 BESF. However, this was lower than the initial projection of 1.0 – 2.0 percent in the 2015 BESF as major central banks in other advanced economies, particularly, the Euro area and Japan implemented further monetary easing to help spur economic growth and raise inflation in their economies.

Meanwhile, the average per barrel price of Dubai crude oil slid to US\$50.92 in 2015, near the low end of the updated assumption of US\$50.00 – 70.00 per barrel in the 2016 BESF and considerably lower than the US\$90.00 –

110.00 per barrel initial assumption in the 2015 BESF. Dubai crude oil prices rose in H1 2015 given signs of improving global oil demand, projected reduction in US tight oil production, and risks of possible oil supply disruptions in the Middle East and North Africa (MENA). However, this increasing trend was reversed in H2 2015 due to concerns over the continued slowdown in emerging markets, expected increase in Iran crude oil exports, and abundance of global oil inventories.

The prolonged soft and uneven global economic growth, compounded by the decline in commodity prices, resulted in the country's weak external trade with both advanced and emerging economies, led by Japan and China, respectively. Merchandise exports dropped by 13.1 percent in 2015. This was lower than the revised government assumption for exports growth of 5.0 percent in the 2016 BESF, with declines registered across all major commodity groups. Exports of manufactured goods fell by 10.2 percent, mainly on account of decreased shipments of non-consigned electronics, chemicals, processed food and beverages, garments, as well as machinery and transport equipment. In addition, lower shipments of agro-based and mineral products contributed significantly to the downturn in total merchandise exports in 2015.

Merchandise imports likewise fell by 3.2 percent in 2015 compared to 2014, lower than the 1.0 percent revised imports growth assumption in the 2016 BESF. This was due largely to the 40.1 percent contraction in the imports of mineral fuels and lubricants given the almost 50 percent decline in international oil prices in 2015.¹ The decline in mineral fuels and lubricants imports, however, was partly tempered by increased shipments in major commodity groups such as raw materials and intermediate goods (by 4.7 percent), mainly materials and accessories for the manufacture of electronic products; capital goods (by 19.1 percent), particularly power generating and specialized machines; and consumer goods (by 12.3 percent), supported by robust domestic demand.

Socioeconomic Indicators

The continued high-growth trajectory of growth over the last six (6) years has created more and better jobs. The unemployment rate, which was at or above 7 percent prior to 2010, declined to 6.3 percent in 2015 (the lowest full-year unemployment rate recorded over the past decade). Likewise, youth unemployment rate improved to 15.0 percent in 2015 (from 17.6 percent in 2009), although admittedly, still remaining a challenge given that it is more

¹ Average Dubai crude oil prices dropped from US\$96.61 per barrel in 2014 to US\$50.92 per barrel in 2015 (or by 47.4 percent).

than twice the national unemployment rate. Underemployment, a twin to the unemployment problem, is of more serious concern. While the demand for extra work/income has declined across the years², the underemployment rate remained high at 18.5 percent in 2015 -- a little above the PDP target of 18.0 percent.

Over 4.5 million employment have been generated over the last 6 years (versus 3.4 million in 2005-2009), most of which were good-quality (i.e., salaried) jobs. In 2015, additional net employment generated reached 184,000. The share of wage and salary workers in total employment increased significantly to 58.0 percent in 2015 (from 53.3 percent in 2009). Furthermore, vulnerable employment (or the unpaid family workers and the self-employed) declined to 38.9 percent in 2015 (from 42.6 percent in 2009).

Table 4: Employment Indicators, Actual versus Target, 2015

| Indicators | 2014 Actual ^{1/} | 2015 | | 2016 Target |
|-----------------------|------------------------------|----------------------|--------|----------------|
| | | Target ^{2/} | Actual | |
| Unemployment rate (%) | 6.6 | 6.6-6.8 | 6.3 | 6.5-6.7 |
| Underemployment (%) | 18.4 | 18.0 | 18.5 | 17.0 |

Notes:

1/ Annualized data for 2014 refer to the average of estimates for April, July, and October survey rounds. The estimates for these rounds exclude Leyte province only while that of January exclude Region VIII.

2/ Annualized data for 2015 refer to the average of the four survey rounds. These should not be compared with the 2014 annualized data as the latter exclude the January round.

Source: Labor Force Survey - PSA, Philippine Development Plan 2011-2016

Meanwhile, the poverty incidence among individuals during the first semester of 2015 eased to 26.3 percent (from 28.6 percent in S1 2009), reaching a record-low since 2006. Among families, poverty incidence fell by 1.8 percentage points (ppts) from S1 2009 to reach 21.1 percent in S1 2015. Consistent with this, extreme poverty, as measured by subsistence incidence or the proportion of the population/families who could not afford to meet their basic food requirements, dropped for the first time below double-digit rates to 9.2 percent of families and to 12.1 percent for individuals in S1 2015.

² Underemployment fell to 18.5 percent in 2015 versus 19.1 percent in 2009.

Table 5. 1st Semester Poverty Indicators: 2006, 2009, 2012 and 2015

| Indicators | 1 st Semester Estimate | | | |
|--|-----------------------------------|-------|-------|-------|
| | 2006 | 2009 | 2012 | 2015 |
| Poverty incidence (%) | | | | |
| Families | 23.4 | 22.9 | 22.3 | 21.1 |
| Population | 28.8 | 28.6 | 27.9 | 26.3 |
| Subsistence Incidence (%) | | | | |
| Families | 10.8 | 10 | 10 | 9.2 |
| Population | 14.2 | 13.3 | 13.4 | 12.1 |
| Monthly Poverty Threshold for a Family of Five (PhP) | 5,586 | 7,040 | 7,821 | 9,140 |
| Monthly Food Threshold for a Family of Five (PhP) | 3,894 | 4,903 | 5,458 | 6,365 |

Note:

The FY 2015 PDP Target for poverty incidence is 20.0 to 23.0 percent.

Source: Family Income and Expenditure Survey, PSA

Poverty reduction has been accelerating, especially between 2012 and 2015, as improvements in incomes have become more progressive. The acceleration in poverty reduction is likely a result of the faster growth in real incomes over the last three years. Whereas the growth of the average nominal per capita income accelerated from 12.8 percent in 2009-2012 to 15.3 percent in 2012-2015, inflation decelerated from 12.1 percent in 2009-2012 to 9.5 percent in 2012-2015. Moreover, per capita income growth of the bottom 30 percent of households, at over 20 percent in 2012-2015, was much faster than the average growth of all households (15.3 percent) and even faster compared to the top 20 percent of households (about 13 percent growth).

Full year poverty incidence could come close to the PDP target for 2015. As family income in the second semester of the year is usually higher than the first semester, it is expected that full-year 2015 poverty incidence will be lower than the 26.3 percent poverty incidence recorded in S1 2015. Assuming the average point difference in 2009 and 2012, FY poverty incidence in 2015 is estimated to decline between 23.6 to 24.0 percent. This is close to the high end of the Philippine Development Plan Midterm Update target of 20 to 23 percent for the year.

III.2 Fiscal Performance

In 2015, the NG fiscal deficit stood at PHP121.7 billion, 66.5 percent higher than the deficit posted in 2014, as expenditure growth outpaced revenue collections. The deficit amounted to 0.9 percent of GDP, 0.3 percent higher than the 0.6 percent registered in 2014. However, this was still lower than the 2.0 percent of GDP program level for the year due to slower spending relative to the program outstripping the lower revenue collections.

Table 6. National Government Fiscal Performance*(In billion pesos, unless otherwise indicated)*

| Particulars | 2014 Actual | 2015 | | | | Growth (%) |
|--------------------------------|----------------|---------|---------|--------------------------|-------------------|---------------|
| | | Program | Actual | Difference (in PhP B) | Difference (%) | |
| Total Revenues | 1,908.5 | 2,275.2 | 2,109.0 | (166.2) | (7.3) | 10.5 |
| <i>Revenue effort</i> | 15.1% | 16.3% | 15.8% | | | |
| Tax Revenues | 1,719.0 | 2,127.6 | 1,815.5 | (312.1) | (14.7) | 5.6 |
| <i>Tax effort</i> | 13.6% | 15.3% | 13.6% | | | |
| Non-Tax Revenues | 187.6 | 145.6 | 230.7 | 85.1 | 58.5 | 23.0 |
| Privatization | 1.9 | 2.0 | 62.8 | 60.8 | 3,039.2 | 3,126.3 |
| Disbursements | 1,981.6 | 2,558.9 | 2,230.6 | (328.3) | (12.8) | 12.6 |
| Current Operating Expenditures | 1,616.7 | 1,985.7 | 1,784.9 | (200.8) | (10.1) | 10.4 |
| Capital Outlays | 351.5 | 546.7 | 436.0 | (110.7) | (20.2) | 24.1 |
| Net Lending | 13.4 | 26.5 | 9.7 | (16.8) | (63.4) | (27.6) |
| Surplus/(Deficit) | -73.1 | -283.7 | -121.6 | (162.1) | (57.1) | 66.5 |
| % of GDP | -0.6% | -2.0% | -0.9% | | | |

Memo Item:

| | | | |
|--------------------|--------|--------|--------|
| <i>Nominal GDP</i> | 12,645 | 13,919 | 13,307 |
|--------------------|--------|--------|--------|

Sources: Department of Budget and Management (DBM), Department of Finance (DOF)

III.2.1 Revenue Performance

For 2015, total revenues amounted to PHP2,109.0 billion, 10.5 percent higher than the 2014 collection level of PHP1,908.5 billion. It includes the one-time transfer of the PHP60.1 billion Coco Levy proceeds, which represents about 0.5 percent of GDP. As a percent of GDP, total revenues reached 15.8 percent, 0.7 percent higher than 2014. Tax revenues made up 86.1 percent of total revenues while the remaining 13.9 percent came from non-tax revenues and privatization proceeds. Net of the Coco Levy proceeds, revenues collected amount to 15.3 percent of GDP, 7.3 percent higher than 2014.

Tax revenues reached PHP1,815.5 billion, 5.6 percent or PHP96.5 billion higher than the PHP1,719.0 billion revenues in 2014. The tax effort remained constant at 13.6 percent both in 2014 and 2015. The Bureau of Internal Revenue (BIR) improved its collection by 106.8 billion or 7.4 percent more relative to 2014 while the Bureau of Customs (BOC) collected less revenues by PHP1.8 billion or 0.5 percent compared to 2014.

Non-tax revenues totaled PHP230.7 billion, higher than the 2014 level of P187.6 billion. These include collections from fees and charges, income of the Bureau of the Treasury, collections from GOCCs, and other non-tax revenues such as Malampaya royalties.

Total remittances from the government's Privatization Program reached PHP62.8 billion, compared to PHP1.9 billion of 2014. The significant increase was primarily due to the transfer of the Coco Levy Funds, amounting to PHP60.1 billion, to the Special Account under the General Fund pursuant to Executive Order 180, s. 2015, on the reconveyance and utilization of coco levy assets for the benefit of the coconut farmers and the development of the coconut industry, and for other purposes.

BIR Collection

Total tax collection from BIR reached PHP1,433.3 billion, registering growth of 7.9 percent compared to 2014. The growth in collection can be attributed largely to the BIR's continuing commitment to strictly enforce the country's tax laws through the implementation of its priority projects, such as the **Run After Tax Evaders, Oplan Kandado**, and other enforcement activities, including the **Tax Compliance Verification Drive**, stocktaking operations, **post-evaluation of Cash Register Machines/Point-of-Sales Machines**, increased collection from delinquent accounts, and the Bureau's intensified audit program.

Also, the higher-than-expected revenues from excise taxes resulted in huge contributions to the Bureau's collections, particularly on sin products, which were driven by the positive impact of the implementation of the Sin Tax Reform Act, as well as the affixture of internal revenue stamps on cigarettes and its monitoring using the Internal Revenue Stamps Integrated System.

Taxes on income and profits had the highest contribution to the Bureau's total tax collection, maintaining its 58.7 percent share of total collections. Value-added tax and excise taxes also contributed significant revenues, at 20.5 percent and 11.0 percent, respectively. Documentary stamp taxes and other taxes followed with 5.3 percent, and percentage taxes with 4.0 percent. In general, tax revenues exceeded the previous year's revenues in majority of tax types with excise taxes posting the largest growth of 17.0 percent followed by the growth of income taxes of 8.0 percent.

Table 7. BIR Collection Performance*(In billion Pesos, unless otherwise indicated)*

| Particulars | 2014 | 2015 | | 2015 | | |
|---|--------------|--------------|--------------|---------------------------------|-----------------|-------------------|
| | | Goal | Actual | Level of Attainment (% to Goal) | Growth Rate (%) | % of Distribution |
| Total BIR Collection | 1,334.8 | 1,673.9 | 1,441.6 | 86.1% | 8.0% | 100.0% |
| Taxes on Net Income and Profits | 784.8 | 993.6 | 846.2 | 85.2% | 7.8% | 58.7% |
| Taxes on Property | 5.4 | 5.0 | 5.6 | 112.3% | 3.4% | 0.4% |
| Taxes on Domestic Goods and Services | <u>544.6</u> | <u>675.4</u> | <u>589.7</u> | <u>87.3%</u> | <u>8.3%</u> | <u>40.9%</u> |
| General Sales, Turnover or VAT | 278.8 | 373.8 | 295.5 | 79.0% | 6.0% | 20.5% |
| Selective Excise on Goods | 135.3 | 140.4 | 158.3 | 112.7% | 17.0% | 11.0% |
| Selective Excise on Services/Percentage Taxes | 55.9 | 78.4 | 58.4 | 74.4% | 4.4% | 4.0% |
| Taxes on the Use of Goods or Property or Permission to Perform Activities | 0.6 | 0.7 | 0.6 | 86.7% | 3.5% | 0.0% |
| Documentary Stamp Tax (DST) | 69.0 | 75.7 | 72.1 | 95.3% | 4.4% | 5.0% |
| Other Taxes | 4.9 | 6.3 | 4.9 | 77.2% | -1.5% | 0.3% |

Note:

Goal is based on RMO Nos. 5-2015 and 17-2015

Collection by type is based on the 1209 reports submitted by the RDOs as of March 9, 2016

Details may not add up to total due to rounding

Sources: Bureau of Internal Revenues (BIR)

Taxes on Income and Profits

The positive year-on-year performance of income taxes was driven by several factors:

1. Increase in employment rate from 93.4 percent in 2014 to 93.7 percent in 2015;
2. Increased collection from bank deposits due to higher rates on Time Deposit (short- and long-term), Savings Deposit and Special Deposit Accounts for 2015 compared to the levels recorded the previous year. Moreover, total savings or total Peso-denominated deposits in the banking system as of the end of December were higher compared to 2014.

Despite year-on-year growth in collections, revenue collection fell short of program levels due to the followings factors:

1. Collections from Final Withholding Taxes on government securities stood at PHP33.2 billion, which was PHP11.7 billion or 26.0 percent short of the Bureau of the Treasury's programmed collections of PHP44.9 billion due to lower borrowings by the government during the year;
2. Government underspending and the contraction of exports and the agricultural sector, which affected economic activities in the country;

3. Congestion experienced at the large seaports of Metro Manila in the last quarter of CY 2014 and the El Niño phenomenon that had adverse impact on corporate income;
4. Partial shutdown of Malampaya, referenced with the continuing drop of crude oil prices in the global market;
5. Slowed down growth in the mining industry caused by the continued slump of global metal prices.

Excise Taxes

Collections from excise taxes increased due to higher consumption of alcoholic beverages and tobacco. Furthermore, volume of removals inched up as a result of the expansion and growth in beer business and increase in tax rates on compounded liquors.

The increase in volume of local production of petroleum products by major refineries due to higher demand as a result of lower global fuel prices pulled up excise tax collection on petroleum products. Meanwhile, collections from mining/mineral products were slightly dampened by the decrease in metal production due to sustained low global demand. This was evident in the decline in nominal Gross Value Added in mining and quarrying by 17.2 percent from PHP125.4 billion in 2014 to PHP103.8 billion in 2015.

Value-Added Tax

The increase in VAT, on year-on-year basis, was influenced by the increase in sales/receipts by various taxpayers engaged in automobiles, tobacco and alcohol, manufacturing, among other industries, due to intensified marketing campaigns. Household final consumption expenditures also grew by 7.0 percent in 2015. Another factor in the increase in VAT collection was the strong performance of the tourism industry, wherein total earnings generated from visitor arrivals in the country was higher by 7.0 percent than the 2014 level. Likewise, visitor arrivals for the same period were up by 10.9 percent compared to 2014. The non-life insurance industry sector posted a 15.0 percent increase in net premiums written, from PHP31.1 billion in 2014 to PHP35.8 billion in 2015.

The Bureau fell short of its VAT revenue target, as collections were pulled down by circumstances such as government underspending, which affected economic activities in the country; the decrease in sales of various industries (mining, power, telecommunications, services, etc.); claims of input taxes, which increased as costs of purchases and importations also went up; and a number of significant collections from audit in CY 2014, which did not recur in CY 2015.

Percentage Taxes

Collections compared to 2014 improved as a result of increased collections on insurance, as premiums generated from the life sector for 2015 went up by 19.5 percent from the premiums recorded the previous year. The 2015 average bank lending rate at 5.6 percent was also higher compared to the year ago average rate of 5.5 percent. Additionally, the increase in the gross value added (GVA) at current prices of the Transport, Storage and Communications and Electricity, Gas and Water Supply sectors lifted Percentage Tax collection.

The shortfall in 2015 collection vis-a-vis target was prompted by PAGCOR's shift of payment from percentage tax to income tax, per Revenue Memorandum Circular No. 33-2013, and the lower volume of shares that were traded in the Philippine Stock Market, resulting in lower tax collections from stock market transactions.

Other Taxes

The slight improvement in the collection performance of Other Taxes was on account of higher Documentary Stamp Tax collection, as volume of transactions on loans and bonds increased. On the other hand, the slightly lower collection from forfeited properties pulled down collection from Miscellaneous taxes.

Impact of the Sin Tax Reform Law

Three years after its passage in 2012, the Sin Tax Reform Law has been an unqualified success in its revenue objectives. Since the implementation of the law, the NG has collected PHP360.5 billion in total excise tax collections, accounting 25 percent of BIR collections. Of these, PHP174.6 billion constituted the incremental revenue due to the law, breaching government's PHP127.4 billion target by 37.0 percent or PHP47.1 billion. These incremental revenues from the Sin Tax Law has increased from 0.4 percent of GDP in 2013 to 0.5 percent in 2015.

Table 8. Impact of Sin Tax Law Implementation*(In billion Pesos, unless otherwise indicated)*

| Particulars | Incremental Revenue | | | | Total Excise Tax Collections | |
|--------------------|---------------------|--------------|------------------------|----------------------|------------------------------|----------------------|
| | Projected | Actual | Excess/ (Shortfall) | % of GDP (actual) | Actual | % of GDP (actual) |
| 1st Year - CY 2013 | | | | | | |
| Tobacco | 23.4 | 41.8 | 18.4 | 0.4% | 70.4 | 0.6% |
| Alcohol | 10.6 | 9.3 | -1.3 | 0.1% | 33.0 | 0.3% |
| Total | 34.0 | 51.1 | 17.1 | 0.4% | 103.4 | 0.9% |
| 2nd Year - CY 2014 | | | | | | |
| Tobacco | 29.6 | 39.4 | 9.8 | 0.3% | 75.5 | 0.6% |
| Alcohol | 13.3 | 10.8 | -2.5 | 0.1% | 38.5 | 0.3% |
| Total | 42.9 | 50.2 | 7.3 | 0.4% | 114.0 | 0.9% |
| 3rd Year - CY 2015 | | | | | | |
| Tobacco | 33.5 | 55.7 | 22.2 | 0.4% | 100.0 | 0.8% |
| Alcohol | 17.1 | 17.4 | 0.3 | 0.1% | 43.1 | 0.3% |
| Total | 50.6 | 73.1 | 22.5 | 0.5% | 143.1 | 1.1% |
| GRAND TOTAL | 127.4 | 174.6 | 47.1 | | 360.5 | |

Note:

Details may not add up to total due to rounding

Source: Department of Finance

Tobacco products accounted for 78.5 percent or PHP137.0 billion of total incremental revenues, while alcohol products accounted for the remaining 21.5 percent or P37.5 billion from 2013 to 2015.

BOC Collections

Total BOC collections fell by 0.5 percent in 2015, reaching a total of PHP367.5 billion. Import taxes, comprising VAT and excise tax, accounted for 83.4 percent of BOC's collections. VAT on non-oil goods brought in PHP225.7 billion for the year, 11.2 percent higher than in 2014.

Table 9. BOC Collection*(In billion pesos, unless otherwise indicated)*

| Particulars | 2014 | 2015 | Growth (%) | % Distribution |
|-----------------------------|--------------|--------------|--------------|----------------|
| Total BOC Collection | 369.3 | 367.5 | -0.5% | 100.0% |
| o.w. Tax Expenditure Fund | 11.5 | 10.1 | -12.2% | 2.8% |
| Import duties | 56.3 | 57.1 | 1.4% | 15.5% |
| Non-oil | 55.9 | 57.1 | 2.1% | 15.5% |
| Oil | 0.4 | 0.0 | -97.5% | 0.0% |
| VAT | 279.1 | 274.7 | -1.6% | 74.7% |
| Non-oil | 203.0 | 225.7 | 11.2% | 61.4% |
| Oil | 76.1 | 49.0 | -35.6% | 13.3% |
| Excise Tax | 30.4 | 31.8 | 4.6% | 8.7% |
| Others | 3.5 | 3.9 | 11.4% | 1.1% |

Source: Bureau of Customs

Compared to the 2014 level, BOC collection effort was adversely affected by the drop in the average price of oil. Average crude price per barrel in 2015 figured at US\$51.23, 47 percent lower than the US\$96.66 average price in 2014.

The BOC is continually strengthening the valuation reference information system to ensure proper customs valuation and tariff classification.

Fiscal Reform Initiatives

To boost tax administration capacity, achieve the desired revenue effort and support its medium-term fiscal objectives, the government will continue to pursue legislative reforms.

One of the priority measures approved and signed into law on December 9, 2015 was R.A. No. 10708, known as the Tax Incentive Management and Transparency Act (TIMTA). The law is envisioned to foster transparency and accountability in the grant of tax incentives and to institutionalize a system of monitoring and reporting tax expenditures. It is also expected to help the government analyze and rationalize the fiscal costs and to optimize the economic and social benefits of the incentives.

Another reform measure already in the approval stage in the late 2015 is the Customs Modernization and Tariff Act (CMTA).

III.2.2 Borrowing Performance

National Government Financing

In 2015, the National Government raised PHP609.6 billion in gross borrowings to cover the budget deficit of PHP121.7 billion and refinancing requirement of PHP366.8 billion³. The remainder was contributed to the Bond Sinking Fund (BSF) which ensures the smooth repayment of future domestic principal obligations. For the year, the government contributed some PHP150.0 billion to the BSF, with the redemptions from the BSF at PHP121.1 billion. Overall, total borrowing was 14 percent lower than the PHP710.8 billion revised program mainly due to the lower deficit turnout, which scaled back the need for domestic borrowing, resulting in an external-to-domestic financing mix of 31:69.

Gross external financing amounted to PHP189.5 billion, slightly exceeding the revised program by 6 percent as the strengthening of the US Dollar beyond the PHP44.50/US\$1 DBCC exchange rate assumption raised the Peso equivalent of foreign borrowings. Furthermore, US\$1.227 billion (PHP54.7 billion) of the proceeds from the US\$ 2.0 billion (PHP89.4 billion) global bond issuance in January was used to prepay high coupon outstanding debts and extend portfolio maturities.

On the other hand, gross domestic financing, which amounted to PHP420.07 billion, was 21 percent below the revised program. The combination of below-program deficit provided the incentive to cut back the issuance of domestic securities in order to avoid unnecessary build up in cash, which comes at a cost to government. Furthermore, a domestic bond exchange transaction was conducted in September which replaced PHP237.3 billion of outstanding debts with new securities bearing lower coupon, thereby also elongating portfolio maturities.

³ Excludes redemption of domestic securities paid for by the BSF (₱121.1 billion).

Table 10: National Government Financing*(In million Pesos, unless otherwise indicated)*

| Particulars | 2015 | | | Actual vs. Revised | |
|----------------------------|-----------------------|-----------------------|-----------------------|--------------------|------|
| | Program ^{1/} | Revised ^{2/} | Actual | Difference | % |
| Net Financing | 310,435 | 296,822 | 242,852 | (53,970) | -18% |
| External (Net) | 20,898 | 55,049 | 64,782 | 9,733 | 18% |
| Gross | 95,700 | 178,140 ^{3/} | 189,538 ^{3/} | 11,398 | 6% |
| Less: Amortization | 74,802 | 123,091 ^{4/} | 124,756 ^{4/} | 1,665 | 1% |
| Domestic (Net) | 289,537 | 241,773 | 178,070 | (63,703) | -26% |
| Gross | 605,122 | 532,683 | 420,072 ^{5/} | (112,611) | -21% |
| Less: Amortization | 315,585 | 290,910 | 242,002 ^{6/} | (48,908) | -17% |
| Gross Financing | 700,822 | 710,823 | 609,610 | | |
| Financing Mix (% of total) | | | | | |
| External | 14% | 25% | 31% | | |
| Domestic | 86% | 75% | 69% | | |

*Notes:**1/ Based on 2015 BESF Table D.1**2/ Based on 2016 BESF Table D.1**3/ Includes proceeds used to buy back US\$ 1.224 billion worth of outstanding bonds via exchange offer transaction**4/ Includes early retirement of US\$ 1.224 billion (P54.71 billion) worth of outstanding bonds due to exchange offer**5/ Includes gross flotations from domestic bond exchange transaction (P264.04 billion)**6/ Includes redemption of domestic bonds due to exchange transaction (P237.27 billion)**Source: BTr*

In 2016, NG intends to maintain its heavy preference for domestic funding with an external-to-domestic financing mix of 20:80. The proposed borrowing mix is envisioned to further reduce the foreign currency component of the debt stock, weakening the impact of exchange rate volatility on debt service flows and valuation. The domestic bias is also supportive of the long-term objective of developing a deeper and more liquid market for local debt securities, making future fund raising efforts cheaper for the government and more accessible to the corporate sector.

National Government Debt

As of year-end 2015, NG total outstanding debt was recorded at PHP5,954.5 billion. In line with risk management objectives, domestic debt amounting to PHP3,884.4 billion accounted for 65 percent of total NG obligations, while external obligations amounted to PHP2,070.2 billion. Consistent with the borrowing program, outstanding domestic debt increased by 1.7 percent year-on-year, equivalent to PHP63.8 billion. Meanwhile, external obligation also increased by PHP155.5 billion or 8.1 percent from end-2014 figures.

Attesting to the government's effective liability management and sustained economic growth, debt sustainability indicators such as the debt-to-GDP ratio has progressively improved, narrowing considerably to 44.8 percent as of end-December 2015, compared to 45.4 percent for the previous year.

Alongside improvements in the relative size of its debt, the NG was also successful in shifting the profile of its outstanding debt in line with cost and risk considerations, as can be noted by the following:

1. The currency mix of the NG debt portfolio has been kept fairly stable as the preference for domestic financing tempered the increase in the Peso value of foreign debt due to foreign exchange fluctuations. Based on value, as of end-2015, Peso-denominated obligations accounted for 67 percent of the total. Other currencies, such as the USD, JPY and EUR, are at 26 percent, 5 percent, and 1 percent, respectively, indicating moderate exposure to unfavorable foreign exchange swings.
2. NG obligations continue to exhibit resilience against interest rate risks resulting from GOP's preference to issue fixed-rate securities. As of end-December 2015, 8.0 percent of the total debt portfolio was subject to resetting, mitigating adverse swings and allowing for more certain projections such as those related to interest payments.
3. Despite the rising interest rate environment, weighted average interest rate (WAIR) of the NG debt portfolio continued on a downward trend. The WAIR for NG domestic and external obligations was at 5.5 percent and 4.7 percent as of end-2015, from 5.7 percent and 4.9 percent as of end-2014, respectively. The contraction of borrowing costs results from a strategic issuance policy that takes advantage of favorable domestic interest rates to refinance maturing obligations, as well as through active liability management exercises which replaced high coupon debt with lower coupon obligations.
4. The average maturity of the debt portfolio maintained a comfortable average of 10.04 years, residing on the upper bound of the country's medium-term debt target of 7 to 10 years. Approximately 89 percent of the country's total outstanding debt is at the longer-end, which diminishes the country's exposure to refinancing risks. Domestic and external debts have average maturities of 9.16 and 11.86 years, respectively. Moreover, short-term debt based on residual maturity is only 11 percent of the debt stock and consists largely of tradable debt securities.

Debt service metrics have simultaneously improved, with interest payments (IP) taking up a lower percentage of revenues and expenditures. IP reached PHP309.36 billion in 2015, as compared to PHP321.19 billion for 2014,

while generating savings of PHP52.5 billion or 14.5 percent against the full-year program. IP relative to revenues dropped to 14.7 percent from 16.8 percent the previous year, implying improved NG capacity to service its debts. Similarly, IP fell to 13.9 percent of expenditures from 16.2 percent in 2014, freeing fiscal space for more productive Government spending.

Table 11: National Government Debt, 2014-2015

(In million Pesos, unless otherwise indicated)

| Particulars | Actual | | Growth | |
|--|-----------|-----------|---------|-------|
| | 2014 | 2015 | Amount | % |
| Total NG Debt | 5,735,242 | 5,954,537 | 219,295 | 3.7% |
| External ^{1/} | 1,914,639 | 2,070,157 | 155,518 | 8.1% |
| Domestic | 3,820,603 | 3,884,380 | 63,777 | 1.7% |
| % of Total | | | | |
| External | 33.4% | 34.8% | | |
| Domestic | 66.6% | 65.2% | | |
| % of GDP | 45.4% | 44.8% | | |
| External | 15.2% | 15.6% | | |
| Domestic | 30.2% | 29.2% | | |
| Currency Breakdown | | | | |
| Foreign ^{2/} | 31.6% | 33.7% | | |
| Peso | 68.4% | 67.0% | | |
| Average Maturity (years) ^{3/} | 9.9 | 10.0 | | |
| External | 11.1 | 11.9 | | |
| Domestic | 9.2 | 9.2 | | |
| Weighted Average Interest Rate | 5.4% | 5.2% | | |
| External | 4.9% | 4.7% | | |
| Domestic | 5.7% | 5.5% | | |
| Interest Rate Mix | 100% | 100% | | |
| Fixed | 93.0% | 91.9% | | |
| Floating | 6.8% | 8.0% | | |
| Interest Free | 0.1% | 0.1% | | |
| Total Interest Payments | 321,185 | 309,364 | -11,821 | -3.7% |
| External | 100,690 | 93,775 | -6,915 | -6.9% |
| Domestic | 220,495 | 215,589 | -4,906 | -2.2% |
| Total IP as % of GDP | 2.5% | 2.3% | | |
| Total IP as % of Disbursements | 16.2% | 13.9% | | |
| Total IP as % of Revenues | 16.8% | 14.7% | | |

Note:

1/ Based on jurisdiction of issuance

2/ Based on currency of issuance

3/ Average maturity measured in yearson residual basis

Memo Items:

| | | |
|---------------|------------|------------|
| GDP | 12,634,062 | 13,285,240 |
| PhP/USD | 44.7 | 47.2 |
| Disbursements | 1,981,619 | 2,230,645 |
| Revenues | 1,908,527 | 2,108,956 |

Source: BTr

III.2.3 Disbursement Performance

Year-on-Year Performance

National Government spending grew by 12.6 percent to reach PHP2,230.6 billion as of end December 2015. This was the fastest year-on-year growth in the last three years, rebounding from a mere 5.8 percent and 5.4 percent increase in 2013 and 2014, respectively. Disbursements picked up as a result of higher maintenance and PS expenditures and huge capital spending, to account for almost PHP225.0 billion or 90.3 percent of the PHP249.0 billion increased outlays for the year.

Table 12. NG Disbursements, 2014-2015

(In billion Pesos, unless otherwise indicated)

| Particulars | January to December | | Annual Growth | |
|---------------------------------------|-----------------------|-----------------------|---------------------|----------------------|
| | 2014 | 2015 | Amt | % |
| Current Operating Expenditures | <u>1,616.7</u> | <u>1,784.9</u> | <u>168.2</u> | <u>10.4</u> |
| Personnel Services | 603.6 | 664.4 | 60.8 | 10.1 |
| Maintenance and Other Operating Exp. | 308.7 | 403.4 | 94.7 | 30.7 |
| Subsidy | 80.4 | 78.0 | (2.4) | (3.0) |
| Allotment to LGUs | 273.2 | 311.9 | 38.7 | 14.1 |
| Interest Payments | 321.2 | 309.4 | (11.8) | (3.7) |
| Tax Expenditure Fund | 29.5 | 17.8 | (11.7) | (39.7) |
| Capital Outlays | <u>351.5</u> | <u>436.0</u> | <u>84.5</u> | <u>24.1</u> |
| Infrastructure/Other Capital Outlays | 276.0 | 345.3 | 69.3 | 25.1 |
| Equity | 1.7 | 0.8 | (1.0) | (56.1) |
| Capital Transfers to LGUs | 73.8 | 90.0 | 16.2 | 22.0 |
| Net Lending | <u>13.4</u> | <u>9.7</u> | <u>(3.7)</u> | <u>(27.6)</u> |
| Total Disbursements | <u>1,981.6</u> | <u>2,230.6</u> | <u>249.0</u> | <u>12.6</u> |

Disbursements for MOOE expanded by nearly PHP95.0 billion or 30.7 percent, to reach PHP403.4 billion due to the government's implementation of social services such as the Department of Social Welfare and Development's (DSWD's) conditional cash transfer (CCT) and shelter and cash assistance to victims of disasters or calamities; the Department of Health's (DOH's) immunization programs and provision of drugs and medicines; the Department of Education's (DepEd's) basic education and scholarship programs; and the Bottom-Up Budgeting (BUB) programs and other community development projects of the Department of the Interior and Local Government (DILG). Maintenance spending also included the expenses of the COMELEC for the preparatory works for the conduct of the 2016 National and Local Elections, as well as the requirements for the hosting of the APEC 2015 Summit held in November.

Infrastructure and other capital outlays, on the other hand, accelerated by some PHP69.3 billion or 25.1 percent, closing at PHP345.3 billion for the year. This was a significant improvement from the minimal 5.4 percent growth in 2014 as a number of infrastructure projects had been rolled out and completed including repair, rehabilitation and upgrading of road networks of the DPWH; repair and rehabilitation of Light Railway Transit (LRT) Lines 1 and 2 of the Department of Transportation and Communication (DOTC); and aircraft acquisition under the Armed Forces of the Philippines (AFP) Modernization Program of the Department of National Defense (DND).

Meanwhile, PS expenditures grew by PHP60.8 billion or 10.1 percent from 2014, largely due to the one-time grant of the Performance Enhancement Incentive (PEI) equivalent to a month's salary in June 2015. The PEI is a performance-based bonus given to government employees whose offices have successfully met at least 90.0 percent of at least two (2) of their committed outputs or outcomes and complied with good governance conditions. Personnel Services (PS) expenditures likewise increased from the creation and filling of positions in key agencies such as the DepEd, DILG, DND, DPWH and DOH, and also due to the increase in their staffing complement to capacitate them in the areas of procurement and program implementation.

The other expenditure items which contributed to higher disbursements were allocations and capital transfers to LGUs as a result of higher revenue collections of the BIR. The growth, however, was tempered by the decline in interest payments due to savings generated from bond exchange transactions; lower support to GOCCs due to the underspending in some government corporations; and the minimal availments of government agencies and corporations for net lending assistance and tax subsidies.

Program vs. Actual Performance

The disbursement rate of line agencies started to improve towards the second quarter and underspending relative to the target was trimmed down to 12.8 percent at the end of 2015, slightly narrower than the 13.3 percent gap recorded in 2014. In nominal terms, however, the underperformance was higher at PHP328.3 billion against the PHP302.7 billion recorded in the previous year. It should be noted however that the disbursement program for 2015 was also higher by 12.0 percent at PHP2,558.9 billion vis-à-vis PHP2,284.3 billion in 2014.

Table 13. NG Disbursements, Program vs. Actual*(In billion Pesos, unless otherwise indicated)*

| Particulars | January to December 2015 | | Variance | |
|---------------------------------------|------------------------------|------------------------------|------------------------------|----------------------|
| | Program | Actual | Amt | % |
| Current Operating Expenditures | <u>1,985.7</u> | <u>1,784.9</u> | <u>(200.8)</u> | <i>(10.1)</i> |
| Personnel Services | 743.2 | 664.4 | (78.7) | <i>(10.6)</i> |
| Maintenance and Other Operating Exp. | 424.8 | 403.4 | (21.4) | <i>(5.0)</i> |
| Subsidy | 118.6 | 78.0 | (40.6) | <i>(34.2)</i> |
| Allotment to LGUs | 311.9 | 311.9 | - | - |
| Interest Payments | 361.8 | 309.4 | (52.5) | <i>(14.5)</i> |
| Tax Expenditure Fund | 25.5 | 17.8 | (7.7) | <i>(30.0)</i> |
| Capital Outlays | <u>546.7</u> | <u>436.0</u> | <u>(110.6)</u> | <i>(20.2)</i> |
| Infrastructure/Other Capital Outlays | 431.6 | 345.3 | (86.3) | <i>(20.0)</i> |
| Equity | 2.9 | 0.8 | (2.2) | <i>(73.8)</i> |
| Capital Transfers to LGUs | 112.2 | 90.0 | (22.2) | <i>(19.8)</i> |
| Net Lending | <u>26.5</u> | <u>9.7</u> | <u>(16.8)</u> | <i>(63.4)</i> |
| Total Disbursements | <u><u>2,558.9</u></u> | <u><u>2,230.6</u></u> | <u><u>(328.3)</u></u> | <i>(12.8)</i> |

Infrastructure and other capital outlays fell short of the program by P86.3 billion or 20.0 percent, explaining the bulk, or 26.3 percent of the total underperformance for 2015. Most of the implementing agencies encountered delays in obligating their allotments at the earlier part of the year, resulting in backlogs in the implementation of some capital projects that led to low disbursements since payments could only be made upon completion or delivery of contracted goods or services.

PS expenditures were below program levels by nearly a quarter of the total underspending or PHP78.7 billion, as line agencies were unable to maximize their allocations for the creation and filling of positions in the Miscellaneous Personnel Benefits Fund (MPBF), given hiring difficulties, and in the Pension and Gratuity Fund (PGF) due to lower-than-expected retirement and gratuity claims. Maintenance expenditures were down by PHP21.4 billion, or 5.0 percent of the PHP424.8 billion program for the year, mainly due to payment, billing and downloading of fund issues and procurement difficulties, while subsidy fell by PHP40.6 billion or 34.2 percent, also because of payment or billing issues and other implementation bottlenecks.

Summarized below are the major reasons cited for underspending and sample of the affected programs or projects as reported by line agencies:

| Reasons | Agencies/Programs/Projects |
|--|--|
| <p>1. <u>Billing or payment issues:</u></p> <ul style="list-style-type: none"> • Non-submission or incomplete submission of documentary requirements • Poor liquidation of cash advances • Delays in submission of progress billings • Delays in the processing of payments by the central office from the various operating units | <p>DSWD (Cash for work, emergency shelter assistance) DILG (BUB programs) DepEd (school MOOE) NIA (Irrigation projects) NHA (housing programs)</p> |
| <p>2. <u>Low obligations:</u></p> <ul style="list-style-type: none"> • Procurement difficulties due to problems in procurement scheduling, delays in bidding, and incorrect technical specifications and costings • Difficulties in hiring • Shift in academic calendar of some SUCs due to K to 12 Program • Non- or partial compliance with requirements under the GAA special provision | <p>DOH (Provision of medicines, Health Facilities Enhancement Program, doctors and nurses to the barrios) DepEd (Nationwide computerization project) Department of Science and Technology - Information and Communication Technology Office (DOST-ICTO) (Free Wi-Fi project) DND (AFP Modernization Program) DOST- Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) (Acquisition of weather forecasting equipment) Commission on Higher Education (CHED) and DOST-Science Education Institute (SEI) (scholarship programs) DILG (housing for Informal Settlers program)</p> |
| <p>3. <u>Other Reasons:</u></p> <ul style="list-style-type: none"> • Legal challenges • Land acquisition and Right-of-Way issues • Delays in the approval of agreements, issuance of clearances | <p>Commission on Elections (COMELEC) (Automated Election System) Department of Agrarian Reform (DAR) (Acquisition of private agricultural lands) National Irrigation Administration (NIA) (Irrigation projects) National Housing Authority (NHA) (housing programs) DOTC (transport infrastructure projects)</p> |

These confirm the list of issues similarly cited by major departments and agencies in 2014 to explain the large extent of underspending.

On the other hand, capital transfers to LGUs fell short of the program by PHP22.2 billion or 19.8 percent as some of the programmed amounts under the special shares of LGUs in the proceeds of national taxes were not released pending certification by collecting agencies.

In a positive way, savings in interest payments, mainly from bond exchange transactions, also contributed to PHP52.5 billion or about 16.0 percent of the total underspending for the year. Likewise, lower availments by line agencies and government corporations resulted in lower net lending assistance and tax subsidies, to add another PHP16.8 billion and PHP7.7 billion in underspending, respectively.

IV. National Government Expenditure Performance

IV.1 Allotments and Obligations

Total allotment releases for 2015 amounted to P2,573.3 billion or 98.7 percent of the P2,606.0 billion obligation program for the year. This level of releases is 16.0 percent higher than the P2,220.6 billion released in 2014. Of these releases, P1,848.0 billion⁴ worth of allotments were issued to National Government Agencies. Only P1,553.7 billion or 84.1 percent of those allotments were however obligated as of December 31, 2015, slightly above the 83.3⁵ percent obligation rate for the comparable period in 2014. These low obligation rates have been significantly affecting the pace of government spending in the recent years.

It may be noted, however, that during the second year of implementation of the GAA-As-A-Release Document (GAARD) in 2015, allotment releases for department-specific budgets as of the first month of the year have improved to 89.0 percent of the program appropriations compared with the 86.2 percent in 2014.⁶ Under the GAARD, line agencies could already start obligating funds - except for those under the negative list - at the first working day of the year so they can fast track the implementation of their programs/projects. Classifying some expenditure items under the negative list, meanwhile, ensures faithful compliance with the conditions stipulated in the appropriations law before releases could be made. Among the said

⁴ Based on Statement of Allotment, Obligation and Balances Report as of December 31, 2015. The report can be accessed in the DBM website at http://www.dbm.gov.ph/wp-content/uploads/e-Fund_Releases/SAOB2015/FINAL2015/SAOB%20FY2015-final.forWebsite_link.pdf

⁵ Based on Statement of Allotment, Obligation and Balances Report as of December 31, 2014. Available in the DBM website at http://www.dbm.gov.ph/wp-content/uploads/e-Fund_Releases/SAOB2014/2014Q4-Final/SAOB%20FY2014_ByDept_FINAL.pdf

⁶ Releases as of end-January 2014 and 2015. Available in the DBM website at http://www.dbm.gov.ph/?page_id=1840

conditions are clearances from approving authorities or regulatory bodies, submission of necessary documents or requirements and additional details which could only be available during execution.

IV.2 Financial and Physical Performance of Selected Major Programs and Projects, by Department, as of December 31, 2015

Department of Agrarian Reform (DAR)

Financial Performance. For 2015, DAR was able to register an obligation rate of 56.1 percent. This is lower than the 62.0 percent the Department registered in 2014. In terms of major final output, Land Tenure Services (LTS) registered an obligation rate of 69.1 percent, while Technical Advisory Services (TAS) registered a 70.7 percent obligation rate. These two major final outputs (MFOs) make up approximately 67.0 percent of the total obligations of the 2015 budget of the DAR. The low obligation level in LTS is attributable to the slow progress in land acquisition and distribution activities, resulting from the complex and complicated nature of the remaining landholdings to be acquired.

Physical accomplishment. One of the activities under the LTS is Claim Folder (CF) Preparation and Documentation. For 2015, 59.2 percent of the target number of hectares with claim folder documentation was completed, with the remaining 84,221 hectares in various levels of preparation of the claim folders. According to the DAR, claim folder preparation involves 18 sequential activities, such as the conduct of joint DAR-Land Bank of the Philippines field investigation and documentation and transmittal of CFs to the Provincial Agrarian Reform Office from the Municipal Agrarian Reform Office, among others. Another important activity under the LTS is the preparation and approval of survey plans. The total number of hectares of land targeted to have approved survey plans is 24,726 hectares. This is only about 12.0 percent of the total target for 2015. According to the DAR, the balance in the targeted landholdings is still in various stages of processing prior to approval, such as sub-lot identification, bidding and awarding. Also under the LTS is the subdivision of the Collective Land Ownership Awards (CLOAs). For 2015, only 25.5 percent of the target was accomplished since the subdivision of CLOAs experienced difficulties in terms of validation of landholdings, whether these are timberland or alienable lands. There are also problems encountered in updating the list of Agrarian Reform Beneficiaries (ARBs), particularly in the exclusion of deceased ARBs and identifying new qualified ARBs.

Meanwhile, through the Support Infrastructure and Local Capability Building (SILCAB), the DAR was able to establish eight new agrarian reform communities this is three communities short of the 11 targeted for 2015. Still under the SILCAB, a total of 475,938 ARBs were capacity building/training in Agrarian Reform Communities (ARCs) and Non-ARCs. The training programs under the SILCAB aim to build the capacities of the ARBs to improve their productivity and increase their income. These training programs focus on honing the beneficiaries' entrepreneurial skills and helping them to be part of formal organizations that will help them have better access to agriculture extension services and credit. This is 17.3 percent more than the target number of ARBs for 2015.

Another program under TAS that provides support services to ARBs is the Sustainable Agribusiness and Rural Enterprise Development (SARED). Through the SARED, DAR was able to provide 1,411 organizations with agri-credit, this is 189 organizations more than the 1,222 targeted for 2015.

Department of Agriculture (DA)

Financial Performance. Total obligations of DA amounted to PHP47.15 billion, or about 84.0 percent of the total allotments received by the Department -- a significant improvement from their 2014 obligation rate of 79.0 percent. The bulk of the obligations made by the Department was for the implementation of the various programs and projects under the Office of the Secretary. DA-OSEC obligated about PHP37.46 billion or 79.4 percent of the PHP47.15 billion Department's total obligations for the period.

Physical Accomplishment. Under its production support services program, the DA, was able to distribute 16,626.7 metric tons (MT) of seeds, or about 91.0 percent of the 18,249.3 MT targeted for 2015. According to the DA, the seed distribution was hampered by the late onset of the rain and the El Niño forecast, which caused some farmers to withdraw from the program. Meanwhile vegetable seed distribution was delayed due to failed bidding and unavailability of stocks by the supplier.

Aside from the provision of inputs, the DA also provides support to farmers through setting up of agriculture infrastructures such as small-scale irrigation projects. For 2015, some 2,370 small scale irrigation projects were installed/constructed, or approximately 87.6 percent of the 2,707 target. The Department reports that the pump and engine sets for the remaining projects have already been delivered to the DA stations and are ready for distribution, upon submission of the necessary documentation requirements by the

recipients. The establishment/installation of small-scale irrigation projects covered a service area of 8,972 hectares, or 96.6 percent of the 9,291 hectares targeted for 2015.

Another important agriculture infrastructure provided through the DA are Farm-to-Market Roads (FMRs). It must be noted that for 2015, the construction/rehabilitation of FMRs was the responsibility of the Department of Public Works and Highways, while the DA handled the choice of the site, and the validation and geotagging of the identified FMR sites. For 2015, the DA was able to validate with geotagging technology, 1,302 out of the 1,374 FMR sites, with an equivalent length of 558.65 km.

In support of the Fisheries Program, the Bureau of Fisheries and Aquatic Resources (BFAR) provides facilities and equipment for the fisheries industry, including the establishment/construction of fish landings. As of end year 2015, 50 are ongoing construction, 28 are for notice of award; 73 are in various stages of procurement/bidding; 37 have been obligated; 31 are for completion of documentary requirements; and 18 are for site selection. The fund for 15 projects originally lodged in the budget of the BFAR was transferred to the Philippine Fisheries Development Authority (PFDA) identified sites. In terms of number of beneficiaries provided/supplied with fishery equipment and facilities, 99.0 percent of the 8,682 individuals targeted were supported in 2015.

Department of Education (DepEd)

Financial Performance. In preparation for the implementation of the Senior High School Program in 2016, the DepEd was allotted a total budget of PHP360.5 billion in 2015, of which PHP26.8 billion was a continuing appropriation from the previous year. Obligation for the PS requirements, amounting to PHP265.1 billion, mainly contributed to the Department's total year spending of PHP309.9 billion or 86 percent of its total allotment. Other big ticket items are the MOOE of schools and the Government Assistance to Students and Teachers in Private Education (GASTPE), with PHP56.4 billion and PHP9.6 billion, respectively.

Physical Accomplishments. For 2015, a total of 18,060 classrooms were constructed, of which 14,000 were funded by the Basic Education Facilities Fund, 97 by the Regular School Building Program, and 3,963 through Public-Private Partnerships. The construction of another 18,254 classrooms was still on-going. Likewise, 1,104 classrooms were repaired and rehabilitated in 2015. 3,300 water sanitation facilities were also constructed and 545 were repaired.

Additionally, 628,672 seats were provided to elementary schools and 437,914 to secondary schools. The Department was also able to procure 23,775 sets of tables and chairs for teachers.

Meanwhile, a total of 39,022 teaching positions were created, of which 85 percent or 33,270 had been filled as of December 2015. This resulted in a lower average teacher to student ratio of 1:36 in the elementary level and 1:27 in the secondary level. Likewise, 424 teaching-related and 638 non-teaching positions were also filled.

Moreover, 25,368,901 textbooks and instructional/learning materials were delivered out of the 47,707,957 procured for 2015. A total of 11,498 schools also received information and communication technology (ICT) packages and 9,571 schools were provided internet connection through the DepEd Computerization Program.

For 2015, DepEd reached out to 448,214 out-of-school youths (OSYs), in addition to 412,594 OSYs already enrolled in programs on education, employment, and entrepreneurship since 2014 through the Abot-Alam Program.

Lastly, 910,312 high school grantees benefited from the Expanded GASTPE through the Education Service Contracting (ESC) and the Education Voucher System (EVS).

Commission on Higher Education (CHED)

Financial Performance. To continue promoting accessible quality tertiary education, a total of P7.44 billion allotment was released to the CHED in 2015. Of this amount, P1.11 billion was sourced from the Higher Education Development Fund (HEDF). The CHED was able to obligate P7.04 billion or 94.52 percent of its total allotment during the year.

Physical Performance. A total of 186 or 171 percent of the target project proposals from various Higher Education Institutions (HEIs) and State Universities and Colleges (SUCs) were reviewed by CHED. Out of the said total, 77 proposals or 100 percent of the target were funded using the HEDF. Likewise, under the Philippines-California Research Institute (PCARI) Project, 8 out of the 9 project proposals on Health Innovation and Translational Medicine and Information Infrastructure Development targeted were also approved and funded.

CHED was also able to exceed its 40,000 target scholarships through the Student Financial Assistance Programs (STuFAPs) with 53,834 student beneficiaries. Some 517 grantees from conflict-afflicted areas also received a

maximum of PHP10,000 per year to cover tuition and other fees under the Student Grant Program of the Payapa at Masaganang Pamayanan (PAMANA) Program. Moreover, 21,677 poor but deserving students benefited from the Expanded Students' Grants-in-Aid Program for Poverty Alleviation in SUCs.

Department of Energy (DOE)

Financial Performance. For 2015, the DOE obligated a total of PHP2.8 billion. Although the Department managed to obligate only 38.2 percent of its PHP7.4 billion allotment, this was an improvement from its FY 2014 obligation rate of 21.9 percent. As was the case the previous year, the agency's low obligation rate for 2015 was due to the non-obligation of the Market Transformation through the introduction of Energy-Efficient Electric Vehicles (E-Trike) Project with an unobligated amount of PHP2.6 billion.

Physical Performance. Upholding its mandate as promoter of innovation, the DOE doubled the number of promotional events undertaken in the last two quarters of 2015, closing with 139 events, exceeding the set target of 101 by 37.6 percent. As regulator, the Department managed to surpass its target of monitoring and inspecting 2,119 establishments by 81.5 percent for a total of 3,845 establishments due to a surge in accomplishments in the second semester.

As of 2015, the number of households electrified under the Household Electrification Development Plan (HEDP) increased from 19,267,084 in 2014 to 19,994,430. This brings the household electrification level of the country to 89.6 percent, closer to the 2017 target of 90.0 percent or 20,822,495 households electrified. Of the total households served in 2015, the Nationwide Intensification Household Electrification (NIHE) and the Household Electrification Program in Off-Grid Areas (HEP) energized a total of 37,312 households, of which 12,312 or 33.0 percent were situated in remote areas. Under the PAMANA Program, madrasah schools, mosques, streetlights, health centers and households were energized and electrified in barangays and municipalities in Zamboanga del Norte, Agusan del Norte and Surigao del Sur.

Department of Environment and Natural Resources (DENR)

Financial Performance. The DENR exhibited an obligation rate of 88.8 percent for 2015, a slight improvement over the 88.4 percent obligation rate registered in 2014. 85.6 percent of the total obligations incurred by the Department was for the implementation of the various programs and projects under the Office of the Secretary. One such program, the National Greening Program (NGP), obligated some PHP8.1 billion for 2015, or 91.0 percent of the PHP8.9 billion allotment released for its implementation.

Physical Accomplishment. The NGP is a massive reforestation program of the government which aims to plant 1.5 billion trees in 1.5 million hectares of land for a period of six years from 2011 to 2016. For 2015, some 334,364 hectares have been planted, comprising 95.5 percent of the total area targeted for the year. In terms of number of seedlings, a total of 314 million seedlings were produced under the NGP.

Aside from restoring/rehabilitating the country's forests, the DENR is also tasked to ensure that national laws on air and water quality as well as on solid waste management are implemented accordingly. In order to improve air quality, the Environmental Management Bureau (EMB) under its *Bantay Tsimneya* Program surveyed a total of 1,257 firms for compliance to the Clean Air Act. This is 63.5 percent more than the 769 firms targeted for 2015. In terms of air quality monitoring, the EMB operated and maintained all the existing 89 Air Quality Sampling Stations. Meanwhile, as part of water quality management, a total of 281 *esteros*/water bodies were monitored. In addition, all 64 *esteros* targeted were adopted for the year. Finally, in line with its task to provide technical assistance to LGUs on ecological solid waste management, the EMB assisted 314 LGUs in the proper closure and rehabilitation of open and controlled dumpsites. This is 61.0 percent more than the targeted number of LGUs for 2015.

As part of the DENR's efforts to promote climate change adaptation strategies, the Mines and Geosciences Bureau (MGB), through the National Geohazard Assessment Program, was able to produce 1:10,000 scaled maps for 26 cities/municipalities, six more than the 20 LGUs targeted for 2015. The Bureau was also able to cover all the 35 cities/municipalities targeted for their vulnerability and risk assessment. Meanwhile, a total of 7,029 barangays were covered in their information, education and communication campaign on the use of geohazard and vulnerability assessment maps. This is 21 percent higher than the 5,802 barangays targeted for 2015.

Department of Health (DOH)

Financial Performance. For 2015, total obligations of the DOH reached P64.5 billion or 87.5 percent of its PHP73.7 billion total available allotment during the year. Obligations incurred for current operating expenditures (COE) amounted to PHP47.2 billion and comprised 73.2 percent of the total obligations for the period. The bulk of the obligations for COE went to MOOE at PHP28.9 billion or 61.2 percent, and the rest to PS at PHP18.3 billion.

Of the total allotment to the DOH, PHP73.0 billion or 99.0 percent was released to the Office of the Secretary, of which PHP63.8 billion or 87.4 percent was obligated. The DOH'S attached agencies, the Commission on Population and the National Nutrition Council, were provided allotments of PHP400 million and PHP341 million, of which 95.8 percent and 97.1 percent were obligated, respectively.

Some PHP30.8 billion or 47.8 percent of the DOH's total obligations was spent for the implementation of the following priority programs:

1. Health Facilities Enhancement Program (HFEP), PHP12.5 billion;
2. Expanded Program on Immunization, PHP6.9 billion;
3. Implementation of the Doctors to the Barrios and Rural Health Practice Program, PHP4.0 billion;
4. Family Health and Responsible Parenting, PHP3.5 billion;
5. TB Control, PHP1.3 billion;
6. Program on Other Infectious Diseases and Emerging and Re-Emerging Diseases including HIV/AIDS, Dengue, food and water-borne diseases, PHP796 million;
7. Program for Elimination of Diseases as Public Health Threat such as Malaria, Schistosomiasis, Leprosy and Filariasis, PHP742 million;
8. Non-Communicable Disease Prevention and Control, PHP683 million; and,
9. Rabies Control Program, PHP397 million.

Aside from the PHP73.7 billion available allotment to the DOH, a large amount of PHP36.3 billion was released and obligated by the Philippine Health Insurance Corporation (PHIC) for the enrolment coverage and payment of PhilHealth premiums of families listed under the National Household Targeting System (NHTS), and those identified under the PAMANA and Sajahatra Bangsamoro Programs.

Physical Performance. For 2015, the DOH reported 240,418 Human Resource for Health (HRH) trained, exceeding its target for the year by 94,766 HRH trained or 65.1 percent. This was due to the launching of the Universal Health Care High Impact 5 (UHC HI-5) Strategy during the second quarter of 2015, which intensified the involvement of LGUs and other health partners in the implementation of activities that will produce the greatest improvements in health incomes and highest impact on the population. The DOH also reported that out of the targeted number of 885 LGUs and other health partners to be provided with health facilities during the year, only 41.9 percent or 371 LGUs and other health partners were provided with health facilities due to delays in the HFEP implementation.

With a total obligation rate of 100.0 percent in 2015, the PHIC was able to accomplish 100.0 percent coverage rate of indigent families listed under the NHTS and assign 75.0 percent of these indigent families to a Primary Care Benefit (PCB) Provider that will be responsible for the delivery of free preventive health care services to these families and their qualified dependents.

Department of the Interior and Local Government (DILG)

Financial Performance. As of end-December 2015, the DILG was able to obligate PHP167.9 billion or 95.6 percent of its total available allotment of PHP175.7 billion for the year. This is an improvement over the previous year's obligation rate of 89.8 percent. By expense class, PS made up for about 76.8 percent of the total obligations incurred by the Department, while MOOE and CO comprised 15.9 percent and 7.3 percent, respectively. By implementing agency, the Philippine National Police (PNP) accounted for PHP121.7 billion or 72.5 percent of the total obligations, followed by the DILG-Office of the Secretary (DILG-OSEC) and the Bureau of Fire Protection (BFP) with PHP18.4 billion (11.0 percent) and PHP16.0 billion (9.5 percent), respectively.

Physical Performance. In 2015, the PNP conducted 6,527,326 foot patrols and 5,191,103 mobile patrol operations, excluding those for the Papal Visit and the APEC events. This intensified police visibility helped reduce the crime rate from 27.9 percent in the previous year to 24.1 percent in 2015. Alongside this accomplishment, the PNP achieved a 99.4 percent police response within 15 minutes to calls for police assistance in the urban areas. The PNP also undertook a total of 675,816 crime investigations.

The DILG-OSEC, on the other hand, provided technical assistance on accountable, transparent, participative and effective local governance to 1,592 LGUs. With respect to the assessment of LGUs for compliance with the

standards of the Seal of Good Local Governance (SGLG), the DILG-OSEC postponed the assessment in order to cover the entire performance dimensions of the LGUs under the Seal.

The BFP, for its part, inspected 92.7 percent of the total number of buildings and establishments targeted for inspection in 2015, and responded 100.0 percent to the total number of fire and emergency or rescue calls made nationwide.

Department of Labor and Employment (DOLE)

Financial Performance. In support of the DOLE's mandate to formulate and implement policies and programs on labor and employment, PHP14.4 billion was allocated to the Department in 2015. Of this amount, PHP13.3 billion or 92.8 percent was obligated by the end of the year. The bulk of the agency obligation was from the Office of the Secretary, with PHP4.9 billion or 92.5 percent of its PHP5.2 billion allotment, and the Technical Education and Skills Development Authority (TESDA) with P5.6 billion obligation or 91.6 percent of its PHP6.1 billion allotment.

Specifically, the Office of the Secretary's Special Program for Employment of Students (SPES) obligated P601.9 million, representing 86.27 percent of its PHP697.7 million allocation. In addition, the DOLE Integrated Livelihood Emergency Employment Program (DILEEP) obligated 90.6 percent of its allotment, amounting to P918.3 million. Meanwhile, PHP2.6 billion of TESDA's obligations was mainly due to the Training for Work Program (TWSP), Special Training for Employment Program (STEP) and the Private Education Student Financial Assistance (PESFA).

Physical Accomplishments. For 2015, the SPES Program provided bridging employment assistance to 207,885 students. Likewise, the DILEEP exceeded its target by 15 percent with 71,607 beneficiaries provided with various skills trainings, tools and jigs and/or financial assistance.

For the same period, TESDA exceeded its targets for TWSP and PESFA. Specifically, a total of 260,136 students or 124 percent of the total target benefited from the TWSP, which aims to augment the skills gaps and job requirements of priority industries and sectors with high employment demands. A total of 184,575 out of the 189,473 target graduated under the program. With regard to the PESFA Program, 25,630 marginalized but deserving students in technical-vocational education and training (TVET) courses were granted financial assistance.

Moreover, some 19,924 trainees, representing only about half of the targeted beneficiaries for the STEP Program, were provided skills training with starter tool kits and training allowance since the Program only started in July 2015, as per program design.

Department of National Defense (DND)

Financial Performance. For 2015, total obligations of the DND amounted to PHP151.8 billion or 93.6 percent of the PHP162.2 billion total available allotment for the period. Obligations incurred for PS reached PHP115.0 billion or more than 75.0 percent of the total obligations.

Of the total allotment to DND, P61.5 billion or 37.9 percent was released to the General Headquarters (GHQ), out of which PHP57.1 billion or 92.8 percent was obligated. Sizeable releases were also made to the three major services of the Armed Forces of the Philippines (AFP) as follows: a) Philippine Army – PHP50.9 billion; b) Philippine Navy– PHP17.5 billion; and c) Philippine Air Force – PHP16.7 billion. Of the said releases to the AFP in the combined amount of PHP85.1 billion, PHP80.3 billion or 94.4 percent was obligated.

Physical Performance. For 2015, the Philippine Army was able to maintain 176 tactical battalions with 64.0 percent operational readiness and 88.0 percent effective strength; and was able to maintain 81 ready reserve battalions with 69.0 percent operational readiness.

The Philippine Navy, on the other hand, was able to maintain 122 mission-ready Fleet Marine units with 70.7 percent readiness, and 55 mission-ready support and sustainment units with 64.2 percent readiness. It was also able to achieve the targeted average response time of fleet units (24 hours) and marine units (6 hours) that can be mobilized as instructed by higher authorities.

Meanwhile, the Philippine Air Force was able to maintain 123 supportable aircraft with 60.0 percent readiness rate; and was able to achieve an accomplishment rate of 80.0 percent of flight directed missions responded in one hour.

Department of Public Works and Highways (DPWH)

Financial Performance. To support its key role as the engineering and construction arm of the National Government, the DPWH received an allotment amounting to PHP447.9 billion. The capital transfers amounting to PHP56.3 billion from several agencies like the DA, DepEd, and DOH are already included in the total allotment of the DPWH in 2015. Out of the total

allotment, PHP351.3 billion was obligated, equivalent to 78.4 percent obligation rate, which is higher by 7.6 percentage points over the 2014 rate.

As of end 2015, the financial performance of the DPWH in terms of MFOs are as follows: national road network services (MFO 1), PHP113.0 billion; flood management services (MFO 2), PHP33.0 billion; and maintenance and construction services of other infrastructures (MFO 3), which involves construction of access roads to airports, seaports and declared tourist destinations, PHP18.7 billion. The total obligation for the three MFOs comprised 46.9 percent of the total obligations of the DPWH, including capital transfers. The reasons for the low obligation for DPWH operations are as follows: (a) slow rehabilitation of flood and mitigation facilities along primary rivers; and (b) slow implementation of construction of flyovers, interchanges, and bypasses.

The Mindanao Logistics Infrastructure Network (MLIN) had a total obligation of PHP10.1 billion in 2015. The said project aims to address the inadequate infrastructure in the lagging regions of the country, particularly Mindanao.

Physical Performance. In reporting on its accomplishments, the DPWH uses the percentage (%) unit instead of the number of projects completed. This is consistent with the Department's project monitoring system (PMS). Furthermore, the reported actual accomplishment of the DPWH is based on the standard S-curve used by the Department.

For MFO 1, which involves road upgrading, the DPWH has a total of 343 projects, of which 158 have been completed and 180 are still ongoing. In terms of length of roads and bridges built, DPWH has constructed 746.8 kilometers (km) of national roads, of which 723.9 km have been completed. It also paved 245.7 km of national roads, of which 242.4 km were completed. Lastly, DPWH constructed 11,013 lineal meters (lm) of bridges, of which 10,774.5 lm have been completed. One of the key road projects of the DPWH is the Muntinlupa-Cavite Expressway (Daang Hari-SLEX Link Road Project). Said Expressway became operational in July 2015. The project hit the 100 percent accomplishment as of December 2015, which is 15 percentage points improvement over the 2014 accomplishment of 85 percent.

Meanwhile, for MFO 2, which focuses on providing flood control services, there are 1,225 identified projects, of which 737 are completed and 466 are ongoing. For the major flood control projects of the Department, the High-Impact Flood Control Projects in Metro Manila and Surrounding Areas posted an actual accomplishment rate of 99 percent in 2015, 10 percentage points higher than the 2014 accomplishment of 89 percent. Meanwhile, the

Blumentritt Interceptor Catchment Area scored an accomplishment of 90 percent, which is 11 percentage points higher than the 2014 accomplishment of 79 percent.

Finally, for MFO 3, which focuses on the other services of the Department, especially the construction and maintenance of access roads leading to airports, seaports, and declared tourism destinations, there are 281 identified projects, of which 121 have been completed, 158 are still ongoing, and 2 have not yet started. The DPWH constructed and improved 20.2 km of access roads leading to airports, of which 19.3 km are completed. On the other hand, the DPWH constructed and improved 30.9 km of access roads leading to sea ports, all of which were completed. Lastly, the Department constructed and improved 235.7 km of access roads leading to declared tourist destinations, of which 226.0 km were completed, or a 96 percent completion rate.

Department of Science and Technology (DOST)

Financial Performance. The DOST obligated PHP17.0 billion, 83.1 percent out of its PHP20.4 billion allotment for 2015. The total obligated amount includes a PHP2.2 billion obligation for the scholarship program of the Science Education Institute (SEI) – almost doubling what was obligated for the program by the mid-year of 2015.

Physical Performance. As part of its mandate of developing the country's human resources in the field of science and technology, SEI supported a total of 18,765 students under its scholarship program. Though the number of scholars taking Masteral and Doctoral programs fell short of their respective targets by 2 and 10 percent, respectively, the Undergraduate level supported 292 students in excess of its target, with 15,858 Undergraduates.

The Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) issued a total of 3,201 weather and flood warnings, of which 95 percent were issued within 5 minutes of schedule, exceeding their targets in both quantity and timeliness. Furthermore, the rehabilitation of the meteorological radar system in Guiuan, Eastern Samar was completed in the last two quarters of 2015, with its inauguration set in March 2016. Meanwhile, the Philippine Institute of Volcanology and Seismology (PHIVOLCS) exceeded its target of issuing hazard and risk maps and evaluation reports by 311 percent, with a total of 2,466 issuances against the 600 target, due to the increase in societal demand following the launch of the Valley Fault System Atlas.

Department of Social Welfare and Development (DSWD)

Financial Performance. As of December 31, 2015, the DSWD was able to obligate PHP124.3 billion, representing 87 percent of its PHP142.8 billion allotment, inclusive of the PHP19.7 billion continuing appropriation from the previous years. A hefty amount funded its major programs such as the Conditional Cash Transfer (CCT), with an obligation of PHP61.5 billion; Kapit-Bisig Laban sa Kahirapan - Comprehensive and Integrated Delivery of Social Services (Kalahi-CIDSS), PHP15.0 billion; Social Pension for Indigent Senior Citizens, PHP5.7 billion; Sustainable Livelihood Program, PHP4.6 billion; and Supplemental Feeding Program, PHP2.9 billion. Part of its 2015 allotment worth PHP8.5 billion formed part of the 2016 funding.

Physical Performance. For 2015, a total of 4,139,728 families out of the 4,309,769 target household beneficiaries were provided monthly cash allowances upon their compliance with specific health and education requirements of the CCT Program. Under accomplishment is mainly attributed to unlocated households and deactivation of Pantawid households, with the graduation of eligible members from the Program. Meanwhile, the inclusion of new CCT household beneficiaries identified under the special registration conducted resulted in a 187 percent accomplishment or 238,034, from the target of 126,963 households benefiting from the Modified CCT which covers children up to 18 years old to enable them to finish high school.

For the same period, the Kalahi-CIDSS NCDDP empowered 14 regions, 58 provinces, 759 municipalities and 17,770 barangays through improved access to services and participation in more inclusive local planning, budgeting and program/project implementation. Likewise, 6,055 community development projects were funded and completed as of end-December 2015.

A total of 877,198 indigent senior citizens aged 65 and above were also able to receive P500 monthly social pension in 2015. However, the provision of pay-out is still on-going for the remaining 6.64 percent of the target or 62,411 senior citizen beneficiaries.

The Sustainable Livelihood Program exceeded its 2015 target with 380,068 families served through the Micro-Enterprise Development Component and 127,539 households facilitated for employment. Of the total beneficiaries, 85 percent were CCT beneficiaries while the rest are non-CCT but National Household Targeting System for Poverty Reduction (NHTS-PR) identified poor families.

Moreover, 1,786,201 day care children enrolled in LGU-run day care centers and supervised neighborhood play were provided additional hot meals under the Supplementary Feeding Program.

Department of Transportation and Communications (DOTC)

Financial Performance. To support its mandate to promote, develop, and regulate a dependable and coordinated network of transportation and communications systems, the DOTC received a total allotment of PHP79.6 billion in 2015. The bulk of the allotment of DOTC has been allocated for its transport infrastructure projects: air transport, maritime transport, among others. On the other hand, the DOTC obligated an amount of PHP46.1 billion, equivalent to a 58.0 percent obligation rate. The obligation incurred in 2015 is 0.8 percentage points lower than the 58.8 percent obligation rate recorded in 2014.

Physical Performance. The DOTC aviation projects include the Puerto Princessa Airport Development Project. It aims to improve the airport's facilities by constructing a new passenger terminal complex, which includes an air traffic control tower, and construction of new access roads, among others. The overall accomplishment rate by the end of 2015 is reported at 45.8 percent. Further, the civil works, which include asphalt plant trial testing and consultancy services, are still ongoing with an accomplishment rate of 43.4 percent and 60.4 percent, respectively.

Meanwhile, the preparatory works and construction of the external water supply system of the New Bohol Airport Construction and the Sustainable Environment Protection Project are almost complete with accomplishment rates of 98 percent and 100 percent, respectively. It is noteworthy that operation and maintenance (O&M) is still ongoing.

Finally, the New Communications, Navigation and Surveillance/Air Traffic Management Systems Development Project (CNS/ATM) aims to have new satellite-based CNS/ATM systems in accordance with the International Civil Aviation Organization (ICAO) Global Air Navigation Plan for CNS/ATM Systems. The Project has an overall physical accomplishment rate of 81.1 percent, and is divided into two work packages: Package 1 involves the design and construction of the ATM Center Building and the ATM Automation System, while Package 2 calls for the design and construction of the surveillance (radar) and communications system. The system works and civil works for Package 1 have an actual accomplishment rate of 79.9 percent and 96.1 percent, respectively. Meanwhile, system works and civil works for Package 2 have an actual accomplishment rate of 78.5 percent and 73.7 percent, respectively.

Aside from aviation projects, the DOTC is also executing several transport infrastructure projects like the Cebu Bus Rapid Transit Project. The project involves the establishment of a transport system that will run through

the dedicated bus-ways in Cebu City. This is still under the Detailed Engineering Design (DED) stage, and is expected to be completed in January 2016. The procurement for civil works started in December 2015 and the awarding of contract is scheduled in March 2016.

Lastly, the Department is implementing maritime infrastructure projects to improve the country's maritime facilities. The Philippine Ports and Coast Guard Capability Development Project aims to strengthen the PCG capability to conduct maritime patrol search and rescue operations. The project is currently under loan negotiation. On the other hand, the Maritime Safety Capability Improvement Project for the Philippine Coast Guard involves acquisition of ten units of 40-meter Multi-Role Respond Vessels (MRRV) that aims to improve the PCG capacity to quickly respond to coastal maritime incidents that include search and rescue, and maritime law enforcement, among others. The Project is still under consultancy services. The delivery of the first vessel is expected in August 2016, and the last vessel is expected to be delivered in 2018.

V. Fiscal Outlook

Fiscal Outlook

Learning from the underspending experience in the recent years, the government has put in place expenditure measures to ensure that program implementation is on track and disbursements are on target. These measures include continued adoption of early procurement activities short of award as soon as the President's Budget is submitted to Congress, and the comprehensive release of allotments once the General Appropriations Act is in effect that would enable agencies to kick-start the implementation of their programs or projects on the first working day of the year. Institutional capacities of line agencies will also be strengthened as the government will soon issue a fiscal calendar that will guide them in their planning and budgeting exercises. The revised IRR of the procurement law is set to be issued in the latter part of 2016, which will also be supported by training programs to resolve procurement issues and difficulties experienced by line agencies.

Annex A

REVENUE PROGRAM, BY SOURCE
(In Million Pesos)

| PARTICULARS | 2014 Actual | 2015 | | | percent of GDP | | Growth |
|--|------------------|------------------|------------------|------------------|----------------|-------------|-----------------|
| | | Program | Actual | Difference | 2014 | 2015 | |
| TAX REVENUES | 1,720,117 | 2,127,652 | 1,815,475 | (312,177) | 13.6 | 13.6 | 5.5 |
| Taxes on Net Income and Profits | 784,859 | 993,577 | 846,201 | (147,375) | 6.2 | 6.4 | 7.8 |
| Taxes on Property | 5,450 | 5,017 | 5,636 | 619 | 0.0 | 0.0 | 3.4 |
| Taxes on Domestic Goods and Services | 560,530 | 692,466 | 596,103 | (96,363) | 4.4 | 4.5 | 6.3 |
| General Sales, Turnover or VAT | 278,727 | 373,831 | 287,231 | (86,600) | 2.2 | 2.2 | 3.1 |
| Selected Excises on Goods | 135,315 | 140,438 | 158,319 | 17,881 | 1.1 | 1.2 | 17.0 |
| Selected Taxes on Services | 55,881 | 78,435 | 58,378 | (20,057) | 0.4 | 0.4 | 4.5 |
| Taxes on the Use of Goods or Property or Permission to Perform Activities | 592 | 707 | 613 | (94) | 0.0 | 0.0 | 3.5 |
| Other Excise Taxes | 90,015 | 99,055 | 91,562 | (7,493) | 0.7 | 0.7 | 1.7 |
| Taxes on International Trade and Transactions | 369,277 | 436,592 | 367,534 | (69,058) | 2.9 | 2.8 | (0.5) |
| NON-TAX REVENUES | 186,465 | 145,577 | 230,698 | 85,121 | 1.5 | 1.7 | 23.7 |
| Fees and Charges | 32,771 | 36,359 | 36,405 | 46 | 0.3 | 0.3 | #DIV/0! 11.1 |
| Income from Treasury Operations | 53,390 | 39,988 | 56,271 | 16,283 | 0.4 | 0.4 | 5.4 |
| Interest Income on NG Deposits | 3,159 | 2,306 | 5,906 | 3,600 | 0.0 | 0.0 | 87.0 |
| Interest on Advances to GOCCs | 142 | 755 | 110 | (645) | 0.0 | 0.0 | (22.5) |
| Income from Investments | 41,920 | 30,657 | 42,684 | 12,027 | 0.3 | 0.3 | 1.8 |
| Guarantee Fee | 3,120 | 3,700 | 4,017 | 317 | 0.0 | 0.0 | 28.8 |
| Foreign Exchange Risk Cover Fee | 1,577 | 1,675 | 1,578 | (97) | 0.0 | 0.0 | 0.1 |
| Government Service Income | 3,472 | 895 | 1,976 | 1,081 | 0.0 | 0.0 | (43.1) |
| Fidelity Bond Premia | 675 | 260 | 781 | 521 | 0.0 | 0.0 | 15.7 |
| Subscription Fee - RoSS Participants | 10 | 10 | 12 | 2 | 0.0 | 0.0 | 20.0 |
| Escheat of Unclaimed Balances | 140 | 25 | 38 | 13 | 0.0 | 0.0 | (72.9) |
| Service Fee on Relent Loans | 2,597 | 600 | 1,118 | 518 | 0.0 | 0.0 | (57.0) |
| Other Miscellaneous Income | 50 | - | 27 | 27 | - | - | (46.0) |
| NG Income Collected by the BTR | 40,054 | 20,670 | 53,764 | 33,094 | 0.3 | 0.4 | 34.2 |
| Dividends on Shares of Stocks | 24,374 | 5,500 | 32,269 | 26,769 | 0.2 | 0.2 | 32.4 |
| NG Share from Airport Terminal Fee | 555 | 470 | 602 | 132 | 0.0 | 0.0 | 8.5 |
| NG Share from PAGCOR Income | 14,021 | 14,000 | 19,995 | 5,995 | 0.1 | 0.2 | 42.6 |
| NG Share from MIAA Profit | 1,104 | 700 | 898 | 198 | 0.0 | 0.0 | (18.7) |
| Other Non-Tax Revenues | 60,017 | 48,560 | 84,094 | 35,534 | 0.5 | 0.6 | 40.1 |
| Malampaya Royalties | 22,301 | 23,725 | 14,321 | (9,404) | 0.2 | 0.1 | (35.8) |
| Other Non-Tax Revenues | 37,716 | 24,835 | 69,773 | 44,938 | 0.3 | 0.5 | 85.0 |
| Foreign Grants | 233 | - | 164 | 164 | 0.0 | 0.0 | (29.6) |
| PRIVATIZATION | 1,946 | 2,000 | 62,783 | 60,783 | 0.0 | 0.5 | 3,126.3 |
| TOTAL REVENUES | 1,908,528 | 2,275,229 | 2,108,956 | (166,273) | 15.1 | 15.8 | 10.5 |
| Memo Item: Nominal GDP | 12,642,736 | | 13,307,265 | | | | |

Source: Department of Finance

Annex B

TAX REVENUE PROGRAM, BY COLLECTING DEPARTMENT/AGENCY

(In Million Pesos)

| PARTICULARS | 2014 | 2015 | |
|--|-------------------------|-------------------------|-------------------------|
| | | Program | Actual |
| DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES | <u>133</u> | <u>143</u> | <u>128</u> |
| Office of the Secretary | <u>133</u> | <u>143</u> | <u>128</u> |
| Taxes on Domestic Goods & Services | | | |
| Other Taxes | | | |
| Forest Charges | 133 | 143 | 128 |
| DEPARTMENT OF FINANCE | <u>1,704,039</u> | <u>2,110,537</u> | <u>1,800,836</u> |
| Bureau of Customs | <u>369,277</u> | <u>436,592</u> | <u>367,534</u> |
| Taxes on Int'l Trade & Transactions | <u>369,277</u> | <u>436,592</u> | <u>367,534</u> |
| Import Duties and Taxes | 56,279 | 67,989 | 57,139 |
| VAT on Imports | 279,114 | 331,503 | 274,695 |
| Other Collections (Excise) | 33,885 | 37,100 | 35,700 |
| Bureau of Internal Revenue | <u>1,334,762</u> | <u>1,673,946</u> | <u>1,433,302</u> |
| Taxes on Net Income & Profits | <u>784,859</u> | <u>993,577</u> | <u>846,201</u> |
| Company, Corporate & Enterprises | 283,651 | 329,245 | 489,762 |
| Individual | 455,139 | 607,737 | 309,206 |
| Others | 46,069 | 56,595 | 47,233 |
| Taxes on Property | <u>5,450</u> | <u>5,017</u> | <u>5,636</u> |
| Property Transfer Tax | 5,450 | 5,017 | 5,636 |
| Taxes on Domestic Goods & Services | <u>544,453</u> | <u>675,352</u> | <u>581,464</u> |
| Gen. Sales, Turnover or VAT (Net of VAT Refunds) | 278,727 | 373,831 | 287,231 |
| Selective Excises on Goods | <u>135,315</u> | <u>140,438</u> | <u>158,319</u> |
| Alcohol Products | 37,525 | 41,592 | 42,214 |
| Tobacco Products | 82,336 | 77,481 | 99,505 |
| Fuel and Oils | 9,419 | 14,566 | 11,888 |
| Mining | 3,203 | 3,045 | 2,079 |
| Other Miscellaneous | 2,832 | 3,754 | 2,633 |
| Selective Taxes on Services | <u>55,881</u> | <u>78,435</u> | <u>58,378</u> |
| Other Percentage Taxes | 28,769 | 37,993 | 30,909 |
| Banks/Financial Institutions | 25,485 | 39,677 | 25,578 |
| Insurance Premiums | 1,184 | 202 | 1,337 |
| Amusements | 445 | 563 | 554 |
| Taxes on the Use of Goods or Property or Permission to Perform Activities | <u>592</u> | <u>707</u> | <u>613</u> |
| Franchise Taxes | 592 | 707 | 613 |
| Documentary Stamp Tax | 69,017 | 75,656 | 72,073 |
| Other Taxes | <u>4,921</u> | <u>6,285</u> | <u>4,850</u> |
| Miscellaneous | 4,921 | 6,285 | - |
| DEPARTMENT OF INTERIOR AND LOCAL GOVERNMENT | <u>1,129</u> | <u>1,614</u> | <u>1,369</u> |
| Bureau of Fire Protection | | | |
| Taxes on Domestic Goods and Services | 1,129 | 1,614 | 1,369 |
| Other Taxes | | | |
| Fire Code Tax | | | |

TAX REVENUE PROGRAM, BY COLLECTING DEPARTMENT/AGENCY
(In Million Pesos)

| PARTICULARS | 2014 | 2015 | |
|---|------------------|------------------|------------------|
| | | Program | Actual |
| DEPARTMENT OF JUSTICE | <u>72</u> | <u>81</u> | <u>72</u> |
| Bureau of Immigration | <u>72</u> | <u>81</u> | <u>72</u> |
| Taxes on Domestic Goods and Services | | | |
| Other Taxes | | | |
| Immigration Tax | 72 | 81 | 72 |
| DEPARTMENT OF TRANSPORTATION | <u>12,916</u> | <u>12,945</u> | <u>11,300</u> |
| Office of the Secretary | <u>12,916</u> | <u>12,945</u> | <u>11,300</u> |
| Land Transportation Office | <u>12,916</u> | <u>12,945</u> | <u>11,300</u> |
| Taxes on Domestic Goods & Services | <u>12,916</u> | <u>12,945</u> | 11,300 |
| Motor Vehicle Tax | 12,916 | 12,945 | 11,300 |
| | | | <u>4,311</u> |
| OTHER EXECUTIVE OFFICES | <u>1,827</u> | <u>2,331</u> | <u>1,770</u> |
| Commission on Higher Education | <u>1,542</u> | <u>1,980</u> | 1,457 |
| Other Taxes | 1,542 | 1,980 | <u>1,457</u> |
| National Commission for Culture and the Arts | <u>285</u> | <u>351</u> | 313 |
| Other Taxes | 285 | 351 | 313 |
| TOTAL TAX REVENUES | <u>1,720,116</u> | <u>2,127,651</u> | <u>1,815,475</u> |

Source: Department of Finance

Annex C

| STATUS OF CY 2015 BUDGET PROGRAM (Preliminary) | | | | | | |
|--|----------------------|--------------|----------------------|----------------------|----------------------------|------------------------------|
| January 1-December 31, 2015 | | | | | | |
| (In Thousand Pesos) | | | | | | |
| PARTICULARS | CY 2015 BUDGET | | | ALLOTMENT RELEASES | % of Releases Over Program | BALANCE |
| | PROGRAM | ADJUSTMENTS | ADJUSTED PROGRAM | | | |
| A. GAA - R.A. 10651 | 1,739,768,572 | - | 1,739,768,572 | 1,626,030,980 | 93.5% | 113,737,592 <i>c/</i> |
| Departments | 1,347,378,575 | (23,660,787) | 1,323,717,788 | 1,318,794,838 | 97.9% | 28,583,737 |
| Special Purpose Funds | 392,389,997 | 23,660,787 | 416,050,784 | 307,236,142 | 78.3% | 85,153,855 |
| B. AUTOMATIC APPROPRIATIONS | 866,231,428 | - | 866,231,428 | 844,432,050 | 97.5% | 21,799,378 |
| Retirement and Life Insurance Premium | 30,139,510 | | 30,139,510 | 32,666,135 | 108.4% | (2,526,625) <i>d/</i> |
| Internal Revenue Allotment | 389,860,429 | | 389,860,429 | 389,860,429 | 100.0% | - |
| Pension of Ex-Pres./Ex-Pres. Widows | 331 | | 331 | 331 | 100.0% | - |
| Grants/Donations | 142,902 | | 142,902 | 142,902 | 100.0% | - |
| Special Account in the General Fund | 21,250,256 | | 21,250,256 | 21,054,832 | 99.1% | 195,424 |
| Motor Vehicle Users Charge Fund | 12,998,297 | | 12,998,297 | 12,998,297 | 100.0% | - |
| Others | 8,251,959 | | 8,251,959 | 8,056,535 | 97.6% | 195,424 |
| Net Lending | 26,500,000 | | 26,500,000 | 9,696,000 | <i>a/</i> 36.6% | 16,804,000 |
| Interest Payment | 372,863,000 | | 372,863,000 | 372,863,000 | 100.0% | - |
| Tax Expenditures Fund/Customs Duties and Taxes | 25,475,000 | | 25,475,000 | 18,148,421 | 71.2% | 7,326,579 |
| ORIGINAL PROGRAM | 2,606,000,000 | - | 2,606,000,000 | 2,470,463,030 | 94.8% | 135,536,970 |
| OTHER RELEASES | - | - | - | 102,833,190 | <i>b/</i> 0.0% | (102,833,190) |
| CONTINUING APPROPRIATIONS | - | - | - | 75,198,432 | | (75,198,432) |
| R.A. 10633 | | | | 52,748,529 | 0.0% | (52,748,529) |
| Departments | | | | 30,927,589 | | (30,927,589) |
| Special Purpose Funds | | | | 21,820,940 | | (21,820,940) |
| SUPPLEMENTAL BUDGET-R.A. 10652 | - | - | - | 22,449,903 | | (22,449,903) |
| Departments | | | | 12,714,040 | | (12,714,040) |
| Special Purpose Funds | | | | 9,735,863 | | (9,735,863) |
| UNPROGRAMMED FUND | | | | 23,567,805 | | (23,567,805) |
| AUTOMATIC APPROPRIATIONS | - | - | - | 4,066,953 | | (4,066,953) |
| Grants/Donations | | | | 1,809,418 | | (1,809,418) |
| Military Camps Sales Proceeds Fund | | | | 51,173 | | (51,173) |
| AFP Modernization Act Trust Fund | | | | 804,888 | | (804,888) |
| Motor Vehicle Users Charge Fund | | | | 1,401,474 | | (1,401,474) |
| TOTAL | 2,606,000,000 | - | 2,606,000,000 | 2,573,296,220 | 98.7% | 32,703,780 |

NOTES:
a/ Net Lending - based on BTr's Cash Operation Report
b/ Releases which are being accommodated within the current year's Expenditure Program of P2.606 trillion.
c/ Of the P113.738B, unreleased appropriations under the FY 2015 GAA, R.A. 10651, P66.264B shall be carried over in FY 2016 as continuing appropriations.
d/ Pertains to additional requirement for RLIP of various agencies corresponding to the newly-created/filled up positions