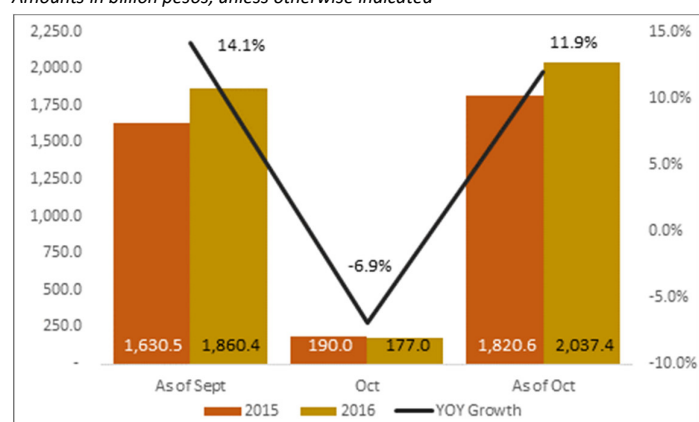


NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF OCTOBER 2016

National government spending posted a growth of nearly 12.0 percent as of October 2016 reaching P2,037.4 billion. The growth is slightly weaker than the 13.0 percent increase recorded for the comparable period in 2015 and the 14.1 percent as of September due the slower disbursements in the third quarter and the contraction in October amidst some expected and temporary delays during the transition period. Spending for the month of October declined by 6.9 percent from the P190.0 billion disbursements in the previous year partly due to one-off expenditures in 2015.

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



Cash disbursements still managed to grow by almost P226.0 billion or by 15.8 percent as of October 2016 in view of strong spending performance during the first half of the year. This is, however, slower than the 18.3 percent growth for the same period in 2015 and the 18.6 percent as of September 2016 as cash disbursements contracted in October due to lower spending in big spending agencies namely the DepEd, DSWD and COMELEC (*Details are discussed under the Year-on-Year Performance section*). Non-NCA expenditures, meanwhile, fell by P9.0 billion or 2.3 percent as of October 2016 mainly due to lower interest payments and availments for net lending assistance by GOCCs.

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

Amounts in billion pesos, unless otherwise indicated

Particulars	As of September				October				As of October			
	2015	2016	Inc/(Dec)		2015	2016	Inc/(Dec)		2015	2016	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	1,264.9	1,499.9	235.0	18.6	161.1	151.9	(9.1)	(5.7)	1,426.0	1,651.9	225.9	15.8
% of Eff. NCA	93.4%	93.9%			90.9%	76.6%			93.1%	92.0%		
Non-NCA	365.6	360.5	(5.1)	(1.4)	29.0	25.1	(3.9)	(13.5)	394.6	385.6	(9.0)	(2.3)
TOTAL	1,630.5	1,860.4	229.9	14.1	190.0	177.0	(13.1)	(6.9)	1,820.6	2,037.4	216.9	11.9

Memo Item

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

As of September		October		As of October	
2015	1,354.5	2015	177.2	2015	1,531.7
2016	1,597.1	2016	198.4	2016	1,795.5

Allotment Releases

As of October 2015	2,488.5	95.5% of the P2,606.0 billion obligation program
As of October 2016	2,796.0	93.1% of the P3,002.0 billion obligation program

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

Allotment Releases

Total allotment releases as of end-October 2016 amounted to P2,796.0 billion equivalent to 93.1 percent of the P3,002.0 billion obligation program for the year. Of this amount, P1,555.5 billion pertains to the regular budget of line agencies, representing 96.0 percent of their program appropriations this 2016. Both total and department-specific releases, however, were slightly lower than the releases for the comparable period in 2015 at 95.5 percent and 97.1 percent, respectively. This is because additional expenditure items such as the

Administration of Personnel Benefits which include payment of pension, retirement benefits and requirements for creation and filling up of positions were classified under the negative list of releases. This means that requests and subsequent releases for these items could only be made once line agencies have submitted necessary documents or complied with additional details required by the GAA.

Year-on-Year Performance

For the Month of October

Disbursements for October 2016 was buttressed by the strong infrastructure and other capital expenditures which grew by P15.7 billion or 56.4 percent to reach P43.7 billion. The increase was largely credited to the completed infrastructure activities of the DPWH such as preventive maintenance, rehabilitation, reconstruction and upgrading of damaged of national roads nationwide. This was also supported by capital outlay projects in the DOH for purchase of equipment under the *Health Facilities Enhancement Program*, in the DepEd for the repair and rehabilitation of school facilities, and in some SUCs, notably the UP-PGH for the acquisition of various medical, laboratory and other machinery and equipment. Moreover, the payment for the land acquisition of the Supreme Court for the eventual transfer and construction of their building at the Bonifacio Global City in Taguig contributed to higher other capital outlays.

Table 2. National Government Disbursements, January to October
Amounts in billion pesos, unless otherwise indicated

Expenditure Class	October		January to October		Increase/(Decrease)			
	2015	2016	2015	2016	October		January to October	
					Amt	%	Amt	%
Current Operating Exp.	151.0	125.4	1,463.9	1,542.4	(25.6)	(17.0)	78.5	5.4
Personnel Services	57.6	55.1	528.9	548.4	(2.5)	(4.4)	19.6	3.7
MOOE	43.2	23.2	328.9	350.6	(20.0)	(46.2)	21.7	6.6
Subsidy	6.5	1.5	62.3	83.9	(5.0)	(76.6)	21.6	34.7
Allotment to LGUs	26.0	28.6	259.9	285.7	2.6	10.0	25.8	9.9
Interest Payments	16.1	16.1	271.9	265.8	(0.1)	(0.6)	(6.1)	(2.2)
Tax Expenditures	1.5	0.9	12.0	7.9	(0.7)	(43.2)	(4.1)	(34.0)
Capital Outlays	34.7	50.8	347.8	490.6	16.2	46.7	142.8	41.1
Infrastructure/Other CO	27.9	43.7	270.9	395.8	15.7	56.4	124.9	46.1
Equity	0.2	0.0	0.5	8.5	(0.2)	-	8.0	1,561.7
Capital Transfers to LGUs	6.5	7.1	76.3	86.2	0.6	9.2	9.9	13.0
Net Lending	4.4	0.8	8.9	4.5	(3.6)	(82.7)	(4.4)	(49.7)
TOTAL	190.0	177.0	1,820.6	2,037.4	(13.1)	(6.9)	216.9	11.9

The expansion, however, was reversed by the lower maintenance and other operating expenditures which declined by almost P20.0 billion or 46.2 percent year-on-year mainly due to one-off expenses such as the payment for the hosting of APEC 2015 Summit and Automated Election System of the COMELEC in preparation for the 2016 National Elections. No similar election expenses were made during the month since the preparatory activities for the SK and Barangay Elections in 2016 were suspended by the COMELEC due to the postponement of the elections later this October 2017. Low disbursements were also recorded in the DOH particularly on its banner programs since most of the purchase of medicines and vaccines was already made during the first semester, while the procurement for some programs is still ongoing. In the case of the DSWD, payments for cash grants have been processed during the month but were credited to the respective accounts of beneficiaries in November.

Disbursements for the following expenditure items also fell from their respective October 2015 levels which contributed to the 6.9 percent contraction for the month:

- Personnel services (PS) declined by P2.5 billion or 4.4 percent on account of minimal releases for other PS benefits. While increase in PS expenses was recorded in the DND due to the payment of terminal leave, total administrative disability pension, and filling up of positions, it was offset by lower Performance-Based Benefits (PBB) claims since the submission, validation and processing of requests for some agencies are still ongoing. Among the PS-heavy agencies whose PBB was still being processed in October include the DepEd and PNP.
- Subsidy decreased by P5.0 billion or 76.6 percent due to the absence of similar releases to the GOCCs and ongoing processing of claims by the NIA. For instance, the operating expenditures of LRTA, NEA and PCIC which were released in October 2015 caused the spike in subsidies during the period. For the same month in 2016, however, most of their requirements have already been released at the earlier part of the year while the remaining requirements are expected in the succeeding months. Moreover, the NIA reported that payments for the completed irrigation projects were still being processed as they await the submission of progress billings from their contractors as well as various supporting documents from their regional units.

For the Period January to October 2016

Cumulative disbursements have reached P2,037.4 billion as of end-October 2016, up by P216.9 billion or nearly 12.0 percent from the levels for the same period in 2015. Spending for the period was again propelled by the robust growth in infrastructure and other capital expenditures, which surged by 46.1 percent to end at P395.8 billion from the P270.9 billion outlays in the previous year. This is more than twice the 21.7 percent growth recorded for the same period in 2015 or more than double the P48.4 billion increase in the same year.

The expansion was also supported by the growth in: a) personnel services spending (P19.6 billion or 3.7 percent) on account of the increase in salaries of civilian personnel and allowances of the military and uniformed personnel pursuant to EO 201, s.2016; b) maintenance expenditures (P21.7 billion or 6.6 percent) due to the implementation of a number of social programs (e.g., 4Ps of the DSWD, K-12 Program of the DepEd, Provision of Medicines and Immunization Program of the DOH, BUB of the DILG and livelihood/training programs of the DOLE, among others); and c) Support to GOCCs with both subsidy and equity growing P21.6 billion (34.7 percent) and P8.0 billion (1,561.7 percent), respectively, owing to the completed irrigation projects of the NIA and housing programs of the NHA/SHFC, as well as the investments outlays to LBP (P3.0 billion) and DBP (P5.0 billion).

Outlook for the Rest of the Year

The program balance for the remaining two months of 2016 amounts to P205.8 billion or just 6.9 percent of the P3,002.0 billion obligation program. Majority of this are lump-sum allocations under the Special Purpose Funds while almost one-third or around P64.4 billion pertains to the regular budget of agencies. Based on historical trends, spending tends to pick up in November and December as line agencies try to accelerate program/project implementation and contractors/creditors submit request for payment claims before the end of the year. Preliminary data shows that spending for the month of November grew by more than 30.0 percent – the highest so far that would be recorded for 2016 – in view of continued strong disbursements performance in infrastructure and other capital outlays as payment for completed public works are made; high personnel services expenditures due to the release of year-end bonus; and increased maintenance expenditures to support the delivery basic social services.