

NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF OCTOBER 2017

National Government registered a significant growth in spending of 28.2 percent for the month of October 2017 to reach P226.9 billion. This is highest growth recorded so far this year, following the 20.4 percent and 22.6 percent posted for the months of May and June, respectively. This brings the cumulative disbursements to P2,241.4 billion, up by 10.0 percent from the comparable period in 2016.

Disbursements for October were propelled by both NCA and Non-NCA disbursements which reached P195.0 billion and P31.9 billion, respectively (see Table 1). NCA disbursements posted a huge growth of 28.3 percent, contributing P43.1 billion or 86.3 percent of the nearly P50.0 billion increase for the month due to higher social and infrastructure spending, as well as subsidy to government corporations.

Non-NCA disbursements also recorded a high growth of 27.2 percent (P6.8 billion) owing to the increase in interest payments and net lending releases during the month. Year-to-date, NCA disbursements already reached P1,835.8 billion while Non-NCA disbursements at P405.6 billion. It is notable that the growth of NCA disbursements continued to outperform that of Non-NCA disbursements at 11.1 percent vis-à-vis 5.2 percent, despite the spike in Non-NCA expenditures in October.

Figure 1. National Government Disbursements as of October

Amounts in billion pesos, unless otherwise indicated

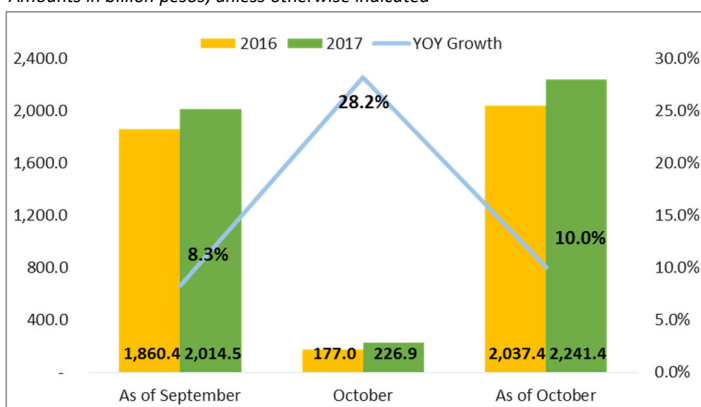


Table 1. Comparison of NCA and Non-NCA Disbursements, 2016-2017

In billion pesos, unless otherwise indicated

Particulars	January to September				October				January to October			
	2016	2017	Inc/(Dec)		2016	2017	Inc/(Dec)		2016	2017	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	1,499.9	1,640.8	140.8	9.4	151.9	195.0	43.1	28.3	1,651.9	1,835.8	183.9	11.1
% of Eff. NCA	93.9%	92.9%			73.9%	76.3%			91.6%	90.8%		
Non-NCA	360.5	373.8	13.3	3.7	25.1	31.9	6.8	27.2	385.6	405.6	20.1	5.2
TOTAL	1,860.4	2,014.5	154.1	8.3	177.0	226.9	49.9	28.2	2,037.4	2,241.4	204.0	10.0

Memo Item

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

	January to September	October	January to October
2016	1,597.1	205.5	1,802.6
2017	1,766.9	255.4	2,022.3

Allotment Releases

As of October 2016	2,796.0	93.1%	of the P3,001.8 billion obligation program
As of October 2017	3,018.8	90.1%	of the P3,350.0 billion obligation program

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

As of end-October 2017, allotment releases totaled to P3,018.8 billion, equivalent to 90.1 percent of the P3,350.0 billion obligation program. Of this amount, P60.2 billion¹ was released in October comprising largely

¹ Based on Special Allotment Releases Order (SARO) listing for the month of October 2017 generated from the eBudget System on November 24, 2017.

of the requirements for the construction of school buildings nationwide under the Basic Educational Facilities Fund of the DepEd and to be implemented by the DPWH (about P22.0 billion); pension and retirement benefits of under the Pension and Gratuity Fund (P11.1 billion); budgetary support to GOCCs (P7.9 billion); charges from the Contingent Fund (P4.2 billion).

Year-on-Year Performance, by Expense Class

For the Month of October 2017

NG Disbursements for the month of October skyrocketed largely on account of the substantial increase in Maintenance Expenditures and Subsidy, as well as the continued expansion of Infrastructure and Other Capital Outlays:

- Maintenance and Other Operating Expenditures jumped by P21.3 billion or 111.0 percent to reach P40.4 billion mainly due to the release of cash assistance under the *Pantawid Pamilyang Pilipino Program (4Ps)* in October this year², social pension and other assistance programs for the victims of natural disasters and calamities, as well as expenditures in connection with the relief works and operations of the DSWD for Marawi. Maintenance spending also increased on account of the school operating expenditures under the K-12 program of the DepEd; *Tulong Dunong* and other scholarship programs of the CHED; purchase of drugs, medicines and vaccines under the *Disease Prevention and Control program* of the DOH; and the payment for completed ASEAN-related events or summits.

Table 2. National Government Disbursements, for the month of October

Amounts in billion pesos, unless otherwise indicated

Expenditure Class	October		Increase/(Decrease)	
	2016	2017	Amt	%
Current Operating Expenditures	121.3	164.1	42.7	35.2
Personnel Services	55.1	60.0	4.8	8.8
MOOE	19.2	40.4	21.3	111.0
Subsidy	1.5	10.3	8.8	578.7
Allotment to LGUs	28.6	32.5	3.9	13.8
Interest Payments	16.1	20.4	4.4	27.3
Tax Expenditure Fund	0.9	0.4	(0.5)	(53.0)
Capital Outlays	54.9	60.6	5.7	10.4
Infrastructure and Other CO	43.7	51.5	7.8	17.8
Equity	0.0	0.1	0.1	1,209.1
Capital Transfers to LGUs	11.2	9.0	(2.2)	(19.6)
Net Lending	0.8	2.2	1.4	187.7
Total	177.0	226.9	49.9	28.2

- Subsidies to government corporations increased by P8.8 billion (578.7 percent) owing to the release of the P6.8 billion to the PHIC as premium subsidy for the indigents enrolled under the *National Health Insurance Program*, and some P2.0 billion to NIA as payment for its completed irrigation projects.
- Infrastructure and Other Capital Expenditures grew by P7.8 billion (17.8 percent) and ended up at P51.5 billion primarily due to public works projects (e.g., road repair, upgrading and widening; flood control and rehabilitation or improvement of dike systems) of the DPWH; acquisition of transport and other equipment of the DILG-PNP under its Capability Enhancement Program; and payment for various communication, navigational and air traffic management system projects, as well as consultancy and civil works for the LRT Lines 1 and 2 extension projects of the DOTr.

² In the previous year, the payment for the 4Ps was taken up in November.

Positive growth rates were also recorded on the following expense items to further boost spending levels for the month:

- Personnel Services expenditures reached P60.0 billion, up by P4.8 billion or 8.8 percent year-on-year due to the increase in the base pay of government employees and allowances of the uniformed and military personnel.
- Allotment to LGUs stood at P32.5 billion, P3.9 billion or 13.8 percent more than the level in the previous year on account of higher shares of LGUs from internal revenue collections.
- Interest Payments for the month reached P20.4 billion, P4.4 billion or 27.3 percent higher year-on-year due to coupon payments for bonds issued this year and the payments originally scheduled in September but were taken up in October.
- Net lending amounted to P2.2 billion, more than twice the level in the previous year following the NG advances to the NFA to settle its short-term loan and free up its credit line in support of its importation program.

For the Period January to October 2017

As of end-October 2017, NG disbursements stood at P2,241.4 billion, P204.0 billion or 10.0 percent higher year-on-year following the robust spending for the month of October. This expansion improved from the 8.3 percent growth recorded for the first nine months of the year. The major sources of growth of disbursements for the period were:

- Personnel Services (P619.1 billion; 12.9 percent YOY) due to the higher salaries of government employees and allowances of the uniformed and military personnel, creation and filling of positions in various agencies such as the DepEd, as well the release of pension and retirement gratuity benefits specifically in the DND and DILG;
- Infrastructure and Other Capital Expenditures (P442.7 billion; 11.8 percent YOY) largely on account of the implementation of road infrastructure program of the DPWH, modernization and capability enhancement program of the DND-AFP and DILG-PNP, as well as other capital outlay projects in the DepEd and SUCs (repair and rehab of school facilities), and DOH (acquisition of health facilities and medical equipment); and
- Maintenance Spending (P365.9 billion; 10.2 percent YOY) owing to the implementation of human capital development programs by the DepEd (K-12 program/school operations), DSWD (CCT), CHED (scholarship programs) and OPAPP (PAMANA programs).

Table 3. National Government Disbursements, January to October
Amounts in billion pesos, unless otherwise indicated

Expenditure Class	January to October		Increase/(Decrease)	
	2016	2017	Amt	%
Current Operating Expenditures	<u>1,523.8</u>	<u>1,680.0</u>	<u>156.2</u>	<u>10.3</u>
Personnel Services	548.4	619.1	70.7	12.9
MOOE	332.0	365.9	33.9	10.2
Subsidy	83.9	93.9	10.0	11.9
Allotment to LGUs	285.7	325.0	39.2	13.7
Interest Payments	265.8	269.4	3.6	1.3
Tax Expenditure Fund	7.9	6.8	(1.1)	(14.0)
Capital Outlays	<u>509.2</u>	<u>564.7</u>	<u>55.5</u>	<u>10.9</u>
Infrastructure and Other CO	395.8	442.7	46.8	11.8
Equity	8.5	3.4	(5.1)	(59.7)
Capital Transfers to LGUs	104.8	118.6	13.8	13.1
Net Lending	4.5	(3.3)	(7.7)	(172.9)
Total	2,037.4	2,241.4	204.0	10.0

Transfers to LGUs (P443.5 billion, combined Allotment and Capital Transfers to LGUs) have likewise posted a substantial increase of about P53.0 billion or 13.6 percent due to higher shares from internal revenue collections and releases from the *Local Government Support Fund* for local social and capital development projects. Subsidies to government corporations (P93.9 billion) meanwhile grew by P10.0 billion or 11.9 percent largely on account of the payments for completed irrigation projects and housing programs of the NIA and NHA, respectively.

Outlook for the Rest of the Year

For the remaining months of the year, some P331.2 billion or 9.9 percent of the P3,350.0 billion obligation program, comprising allotments from agency-specific budgets and Special Purpose Funds, is still available for release to line agencies. The unreleased allotments³ under the Special Purpose Funds were composed largely of the *Miscellaneous Personnel Benefits Fund* (P72.3 billion); *Pension and Gratuity Fund* (P44.0 billion); *Budgetary Support to Government Corporations* (P42.3 billion); and *Special Shares of LGUs in the Proceed of National Taxes* (P29.3 billion). The balances from agency-specific budgets⁴ meanwhile include mainly the requirements for the *Basic Educational Facilities Fund*⁵ (P73.4 billion); creation and filling up of positions in the DepEd (P33.9 billion); and AFP Modernization Program of the DND (P20.0 billion).

Line agencies have been expediting the requests for the release of their allotments, as well as obligating these funds since the 2017 appropriations are only valid until December 31 this year. For instance, about P137.5 billion worth of allotments was released for the month of November based on preliminary report as of the end-week of November 2017⁶. These releases are on top of the releases made earlier this year and could further fan the growth of disbursements in the last two months of 2017.

³ Pertain only to Current Year's Appropriations. Based on Allotment Releases Report of the DBM-BTB.

⁴ Pertain only to Current Year's Appropriations. Based on report generated from the eBudget System on November 29, 2017.

⁵ Transferred appropriation from the DepEd to the DPWH (implementing agency).

⁶ Based on Special Allotment Releases Order (SARO) listing for the month of November 2017 generated from the eBudget System on November 29, 2017.