

## NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

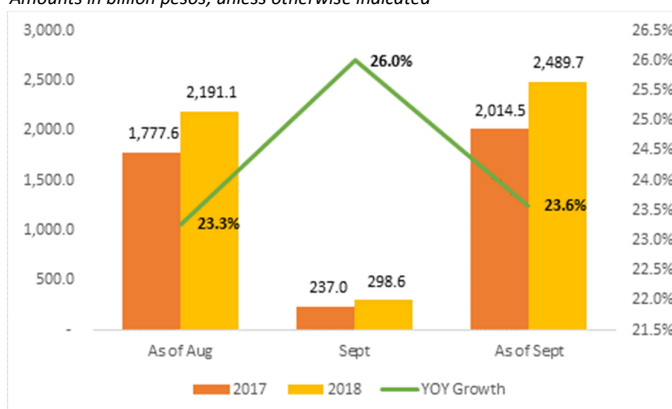
### AS OF SEPTEMBER 2018

National Government spending grew by 26.0 percent year-on-year in September 2018 to reach P298.6 billion, behind the significant program subsidies to government corporations, higher personnel services (PS) and infrastructure spending. This brings disbursements for the first nine months of the year to P2,489.7 billion, up by 23.6 billion year-on-year.

In terms of use of disbursement authorities, cash disbursements or through the Notice of Cash Allocations, amounted to P253.7 billion in September 2018, higher by 48.3 billion or 23.5 percent from a year ago largely due to the requirements of line agencies for their respective programs and projects, and release of budgetary support to government corporations (*details are discussed in the succeeding portions*).

Meanwhile, Non-NCA disbursements reached P44.9 billion, up by P13.4 billion or 42.3 percent year-on-year. Non-NCA disbursements grew faster on account of higher interest payments from coupon payments for domestic-issued bonds, as well as net lending assistance to LRTA and NIA-CASECNAN. Year-to-date, NCA disbursements totaled to P2,060.4 billion while Non-NCA disbursements reached P429.3 billion, growing by 25.6 percent and 14.9 percent, respectively.

**Figure 1. National Government Disbursements for the Period Indicated**  
Amounts in billion pesos, unless otherwise indicated



**Table 1. Comparison of NCA and Non-NCA Disbursements, 2017-2018**

In billion pesos, unless otherwise indicated

Particulars	As of August				September				As of September			
	2017	2018	Inc/(Dec)		2017	2018	Inc/(Dec)		2017	2018	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	1,435.4	1,806.7	371.4	25.9	205.4	253.7	48.3	23.5	1,640.8	2,060.4	419.6	25.6
% of Eff. NCA	90.0%	93.9%			119.1%	107.1%			92.9%	95.3%		
Non-NCA	342.2	384.4	42.2	12.3	31.6	44.9	13.4	42.3	373.8	429.3	55.6	14.9
TOTAL	1,777.6	2,191.1	413.6	23.3	237.0	298.6	61.6	26.0	2,014.5	2,489.7	475.2	23.6

#### Memo Item

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

As of August		September		As of September	
2017	1,594.5	2017	172.5	2017	1,766.9
2018	1,924.4	2018	237.0	2018	2,161.3

#### Allotment Releases

As of September 2017	2,958.5	88.3% of the P3,350.0 billion obligation program
As of September 2018	3,527.8	93.6% of the P3,767.0 billion obligation program

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

#### Allotment Releases

As of end-September 2018, total allotments released to line agencies, government corporations and LGUs receiving transfers from the National Government amounted to P3,527.8 billion or 93.6 percent of the total P3,767.0 billion obligation program for the year. For the month of September 2018, allotment releases totaled to P29.9 billion, composed largely of P3.1 billion PS and operating

requirements of the DepED, P4.0 billion from the Miscellaneous Personnel Benefits Fund (creation/filling of positions and other PS benefits), P4.9 billion budgetary support to government corporations, and P8.1 billion from the Pension and Gratuity Fund (pension, terminal leave benefits and monetization of leave credits).

## Disbursement Performance

*For the Month of September 2018*

Disbursements for the month of September 2018 reached P298.6 billion, increasing by P61.6 billion or 26.0 percent from the levels recorded for the same month last year. The growth of disbursements for the month was buoyed by the following expenditures:

Subsidies to government corporations amounted to P19.6 billion, up by P17.1 billion or nearly seven times the level recorded in September last year. This is composed largely of the cash grants downloaded to the beneficiaries of the TRAIN Cash Transfer Project under the LandBank (P4.9 billion), and program subsidies for irrigation projects of the NIA (P4.8 billion), for the health insurance premiums of the indigents enrolled under the National Health Insurance Program of the PHIC (P5.3 billion), and crop insurance program of the PCIC (P2.3 billion).

**Table 2. National Government Disbursements for the Month of September**  
*Amounts in billion pesos, unless otherwise indicated*

Expenditure Class	September			
	2017	2018	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	178.6	219.5	40.9	22.9
Personnel Services	67.1	80.5	13.4	20.0
MOOE	49.3	49.8	0.4	0.9
Subsidy	2.5	19.6	17.1	698.0
Allotment to LGUs	32.6	35.0	2.5	7.6
IP	26.4	32.7	6.3	23.8
TEF	0.8	2.0	1.2	143.8
CAPITAL OUTLAYS	62.5	78.0	15.5	24.7
Infra and Other CO	53.6	65.2	11.6	21.6
Equity	0.0	0.8	0.8	19,150.0
Capital Transfers to LGUs	8.9	12.0	3.1	34.8
NET LENDING	(4.1)	1.1	5.2	(126.1)
<b>TOTAL</b>	<b>237.0</b>	<b>298.6</b>	<b>61.6</b>	<b>26.0</b>

PS expenditures reached P80.5 billion in September 2018, P13.4 billion or 20.0 percent higher year-on-year. The increase is attributed to the higher pay of both the civilian and military and uniformed personnel pursuant to EO No. 201, s2016 and JR No. 1, s2018, respectively. The creation and filling of positions in the DepEd, as well as the releases for pension, retirement and gratuity benefits of retirees in various agencies have likewise contributed to the substantial PS expense.

Meanwhile, Infrastructure and Other Capital Expenditures expanded by 21.6 percent to end up at P65.2 billion in September this year. The growth is slightly lower when compared to the increase recorded in the earlier months (49.8 percent year-on-year growth as of end-August 2018) mainly because of base effect as infrastructure and other capital spending in September last year reached almost P54.0 billion. Moreover, construction activities for infrastructure projects were frontloaded during the first semester. For September 2018, the completed projects included the road infrastructure projects of the DPWH (*construction of access roads to airports, seaports and tourist destinations; construction of bypass/diversion roads, road improvement/widening; rehabilitation/reconstruction/upgrading of damaged paved national roads; preventive maintenance; flood control and drainage improvement works, construction of storm surge and slope protection*), as well as local infrastructure projects (e.g., shelter or housing, water and electricity) under the BRIDGE<sup>1</sup> program of the ARMM.

Similarly, equity contribution to GOCCs increased significantly in September 2018, reaching P770 million from only P4 million in the previous year. This is largely due to the P105 million releases to the

<sup>1</sup> Bangsamoro Regional Inclusive Development for Growth and Empowerment

People's Television Network Inc. for the implementation of its Revitalization Plan, and the P554 million releases to the Bases Conversion and Development Authority for the construction of access road from the Clark International Airport to the New Clark City. Meanwhile, Tax Subsidy grew to 2.0 billion in September 2018, more than twice the P0.8 billion expenditures last year mostly due to the Documentary Stamp Taxes of government securities issued by the BTr.

#### *January to September 2018*

Year-to-date, government spending totaled to P2,489.7 billion, up by P475.2 billion or 23.6 percent from the levels recorded for the same period in the previous year, and P62.6 billion or 2.6 percent more than the P2,427.2 billion program for the first nine months of the year.

**Table 3. National Government Disbursements for the Period January to September**

*Amounts in billion pesos, unless otherwise indicated*

Expenditure Class	January to September						
	2017	2018		Variance		Increase/(Decrease)	
		Program	Actual	Amt	%	Amt	%
CURRENT OPERATING EXP.	1,516.0	1,752.3	1,780.8	28.5	1.6	264.8	17.5
Personnel Services	559.1	664.1	684.4	20.3	3.1	125.3	22.4
MOOE	325.4	360.7	370.8	10.1	2.8	45.4	13.9
Subsidy	83.6	113.4	124.8	11.4	10.1	41.2	49.3
Allotment to LGUs	292.4	318.4	315.5	(3.0)	(0.9)	23.0	7.9
IP	249.0	281.0	271.3	(9.7)	(3.4)	22.4	9.0
TEF	6.4	14.7	14.0	(0.7)	(4.9)	7.6	118.6
CAPITAL OUTLAYS	504.0	662.8	702.1	39.3	5.9	198.1	39.3
Infra and Other CO	391.2	532.6	570.8	38.2	7.2	179.6	45.9
Equity	3.3	5.6	3.8	(1.7)	(30.9)	0.6	17.3
Capital Transfers to LGUs	109.6	124.6	127.5	2.9	2.3	17.9	16.4
NET LENDING	(5.5)	12.0	6.8	(5.2)	(43.2)	12.3	(225.2)
<b>TOTAL</b>	<b>2,014.5</b>	<b>2,427.2</b>	<b>2,489.7</b>	<b>62.6</b>	<b>2.6</b>	<b>475.2</b>	<b>23.6</b>

Disbursements for the period was driven mainly by Infrastructure and Other Capital Expenditures, which grew by nearly P180 billion or 46 percent year-on-year to reach P570.8 billion. The same has exceeded the P532.6 billion program for the period by P38.2 billion or 7.2 percent due to faster billing claims and speeding up of implementation of infrastructure projects of the DPWH, payments for projects under the AFP Modernization Program of the DND, and other capital outlay projects of various agencies. These also include settlement of prior year obligations for projects such as computerization program, as well as the repair and rehabilitation of school buildings and facilities under the Basic Educational Facilities Program of the DepEd.

PS expenditures amounted to P684.4 billion, P125.3 billion or 22.4 percent higher year-on-year. It also surpassed the P664.1 billion program for the first nine months of the year by P20.3 billion or 3.1 percent, mainly on account of the improved fill up rate for the creation and filling of positions in the DepEd and other agencies.

Maintenance and Other Operating Expenditures, on the other hand, reached P370.8 billion, higher by P45.4 billion (13.9 percent) year-on-year. It likewise exceeded the P360.7 billion program for the period by P10.1 billion (2.8 percent) largely due to disbursements for prior year's accounts payables which include purchase of textbooks and other instructional materials, and government educational assistance and voucher programs of the DepEd; implementation of locally-funded projects such as

Bottom-up Budgeting, SALINTUBIG, and Conditional Matching Grants to Provinces under the DILG; as well as releases to DFA for financial assistance to OFWs in various countries.

Subsidies to government corporations as of end-September totaled to P124.8 billion, up by P41.2 billion (49.3 percent) from the levels recorded for the same period last year. This is also higher by P11.4 billion (10.1 percent) when compared to P113.4 billion program due mostly to faster billing claims for accounts payables of the NIA for irrigation projects, and frontloading of releases to NFA in support of the rice importation program.

Government spending accelerated faster both year-on-year and compared to program during the first nine months of the year as line agencies clean up their prior year obligations and speed up implementation of ongoing programs and projects in preparation for the cash-based budget system next year.

However, less productive expenditures were lower compared to the program. Interest Payments reached P271.3 billion for the first nine months of the year. This is 9.0 percent (P22.4 billion) higher but 3.4 percent (P9.7 billion) below the P281.0 billion program mainly due to bond maturities and rejections of tenders. Meanwhile, Net Lending amounted to P6.8 billion. This is more than twice the level last year but fell below the P12.0 billion program for the period by 43.2 percent (P5.2 billion) due to combined minimal availments and repayments from government corporations.

### **Outlook for the Rest of 2018**

For the remaining three months of the year, the program balance only amounts to P239.2 billion or 6.4 percent of the P3,767.0 billion obligation program for 2018. This consists mainly of some P114.9 billion in agency-specific budget and some P123.5 billion allocation from Special Purpose Funds. While these are expected to be requested by line agencies in the next three months, disbursements have to be prioritized for personnel services and other mandatory items, expenditures that could still be obligated, completed or delivered for the year, as well as those payment claims supported by actual billing requests. These measures are necessary in order to maintain the 3.0 percent of GDP deficit ceiling for the year.

Nevertheless, government spending is still expected to be robust from the following expenditures: i) PS due to the release of year-end bonus, productivity enhancement incentive, requirements of creation and filling of positions, as well as release of Collective Negotiation Agreement benefits for qualified agencies; ii) Maintenance and Other Operating Expenditures from requirements of social programs (e.g., CCT, Basic Education) and operating expenses of line agencies; and iii) Capital Outlays for payment of completed infrastructure projects.