

NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF AUGUST 2017

National Government spending for the month of August 2017 stood at P201.6 billion, posting a growth of 13.9 percent year-on-year and outperforming the 9.5 percent increase recorded for the same month in 2016. This pushes the annual growth of disbursements as of end-August this year to 9.8 percent, up from the 9.3 percent growth for the first seven months of the year, to reach P1,777.6 billion.

Both cash or NCA disbursements and Non-NCA expenditures grew at almost a similar rate of 13.9 percent and 14.2 percent, respectively during the month of August. NCA disbursements contributed P20.4 billion or about 83.0 percent of the total P24.6 billion expansion for the month. This is mainly on account of strong infrastructure, personnel services and maintenance expenditures of big-spending agencies whose cash or NCA disbursements have increased by over a billion. These agencies include the DPWH (P8.4 billion or 38.0 percent YoY), DepEd (P2.7 billion, 12.0 percent YoY), DILG (P2.1 billion, 18.0 percent), DOH (P2.0 billion, 55.3 percent YoY) and DSWD (P1.1 billion, 32.4 percent YoY). The growth also resulted from efforts to catch-up with program/project implementation, which was observed in the improvement in the disbursement rate (i.e., negotiated checks vis-à-vis NCA issuances for the month) of some big-spending agencies when compared to August 2016: DA (72.5 percent vs 55.1 percent), DOH (74.8 percent vs 59.7 percent), DILG (102.6 percent vs 86.0 percent), and DOTr (82.5 percent vs 43.4 percent).

Meanwhile, Non-NCA disbursements increased by P4.3 billion largely due to higher interest payments for the month as the interest for the Samurai bonds was paid in advance since the original payment schedule of September 1, 2017 was a holiday.

For the cumulative period, NCA disbursements amounted to P1,435.5 billion, up by P135.7 billion or 10.4 percent year-on-year. The growth is faster than the Non-NCA disbursements, which grew by 7.1 percent to reach P342.2 billion by end-August 2017.

Figure 1. National Government Disbursements as of August

Amounts in billion pesos, unless otherwise indicated

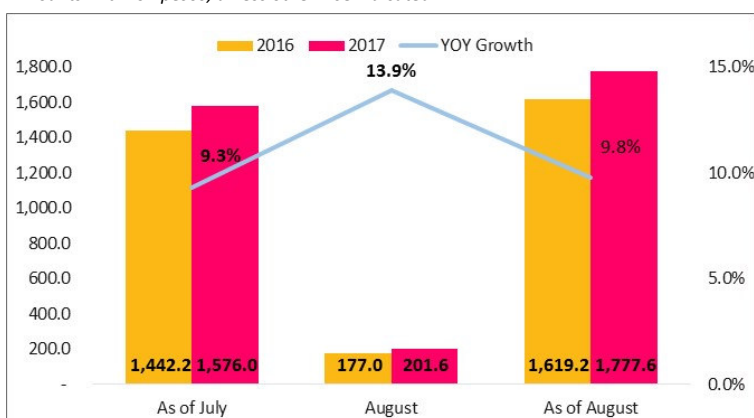


Table 1. Comparison of NCA and Non-NCA Disbursements, 2016-2017

In billion pesos, unless otherwise indicated

Particulars	January to July				August				January to August			
	2016	2017	Inc/(Dec)		2016	2017	Inc/(Dec)		2016	2017	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	1,152.8	1,268.1	115.3	10.0	146.9	167.2	20.4	13.9	1,299.7	1,435.4	135.7	10.4
% of Eff. NCA	92.9%	90.7%			84.4%	84.4%			91.9%	89.9%		
Non-NCA	289.4	307.8	18.5	6.4	30.1	34.4	4.3	14.2	319.4	342.2	22.8	7.1
TOTAL	1,442.2	1,576.0	133.8	9.3	177.0	201.6	24.6	13.9	1,619.2	1,777.6	158.4	9.8

Memo Item

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

	January to July	August	January to August
2016	1,240.6	174.1	1,414.7
2017	1,397.7	198.1	1,595.8

Allotment Releases

As of August 2016	2,706.8	90.2%	of the P3,001.8 billion obligation program
As of August 2017	2,923.3	87.3%	of the P3,350.0 billion obligation program

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

Total allotment releases from January 1 to August 31, 2017 have already reached P2,923.3 billion, equivalent to 87.3 percent of the P3,350 billion obligation program for the year. Of this amount, some P26.2 billion was released for the month of August primarily to cover the requirements of the following programs: creation/filling of positions and other PS benefits in the DepEd (P4.6 billion); Right-of-Way claims (P1.0 billion) and the Cavite-Laguna Expressway (P3.6 billion) under the DPWH; Munitions and transport equipment in the DND-AFP (P3.1 billion); Capability Enhancement Program of the DILG-PNP (P2.4 billion); and subsidy to GOCCs (P2.2 billion).

Year-on-Year Performance

For the Month of August

Expenditure Class	August		January to August		Increase/(Decrease)			
	2016*	2017	2016*	2017	August		January to August	
					Amt	%	Amt	%
Current Operating Exp.	136.0	149.9	1,220.2	1,337.3	14.0	10.3	117.1	9.6
Personnel Services	50.7	55.1	432.3	492.1	4.4	8.7	59.8	13.8
MOOE	25.0	29.6	256.6	276.1	4.6	18.4	19.5	7.6
Subsidy	7.4	6.1	79.3	81.2	(1.3)	(17.8)	1.9	2.4
Allotment to LGUs	28.6	32.6	228.5	259.8	4.0	13.8	31.3	13.7
Interest Payments	23.4	26.4	217.2	222.6	2.9	12.5	5.4	2.5
Tax Expenditures	0.9	0.3	6.4	5.6	(0.6)	(68.8)	(0.8)	(12.1)
Capital Outlays	42.1	51.6	396.0	441.5	9.5	22.6	45.6	11.5
Infrastructure/Other CO	34.0	40.1	301.7	337.6	6.1	18.1	35.9	11.9
Equity	0.0	0.0	8.5	3.3	0.0	114.3	(5.2)	(61.2)
Capital Transfers to LGUs	8.1	11.5	85.8	100.6	3.4	41.4	14.8	17.3
Net Lending	(1.1)	0.0	3.0	(1.3)	1.2	(100.2)	(4.3)	(144.5)
TOTAL	177.0	201.6	1,619.2	1,777.6	24.6	13.9	158.4	9.8

*The Local Government Support Fund was reclassified under the Allotment to LGUs and Capital Transfers to LGUs. This was previously treated as part of NG MOOE.

Spending for the month was bolstered by the 18.1 percent expansion in infrastructure and other capital outlays, which reached P40.1 billion in August this year. The amount includes payments for completed infrastructure projects of the DPWH (road improvement works, repair and rehabilitation, including flood control projects, construction/improvement of pumping stations, dike and drainage systems), capital outlay projects of the DepEd (repair and rehabilitation of school facilities) and DOH (land outlays for health facilities and purchase of hospital equipment).

The other major sources of growth include the following:

- Maintenance expenditures (P29.6 billion) grew by P4.6 billion or 18.4 percent year-on-year on account of the operating requirements of DepEd schools and DOH hospitals nationwide, as well as other social protection services provided by the DSWD (assistance to victims of disasters/natural calamities, supplementary feeding program, social pension for indigent senior citizens and sustainable livelihood program).
- Personnel services (P55.1 billion) increased by P4.4 billion or 8.7 percent from the level in August 2016 mainly due to the higher base pay of civilian government employees and allowances of the military and uniformed personnel. The growth, however, was dampened by the lower releases for filling of positions, and claims for retirement and terminal leave benefits during the month.
- Allotment to LGUs, representing 80.0 percent of the IRA, (P32.6 billion) rose by P4.0 billion or 13.8 percent year-on-year while Capital Transfers to LGUs (P11.5 billion, remaining 20.0 percent of the IRA plus releases from the Local Government Support Fund or LGSF) grew by P3.4 billion or 41.4 percent.

The increase resulted from the higher shares of LGUs from the internal revenue collections of the BIR, as well as the release of some P3.0 billion for the repair, rehabilitation and improvement of local roads as part of the *Conditional Matching Grant to Provinces* under the LGSF.

For the Period January to August 2017

Disbursements for the first eight months of the year reached P1,777.6 billion, P158.4 billion or nearly 10 percent more than the level for the same period in 2016. Personnel services and infrastructure and other capital expenditures continued to buoy spending for the period, which grew by 13.8 percent and 11.9 percent, respectively. The increase in Personnel services expenditures was credited to the higher salaries and benefits of government workers pursuant to the second tranche implementation of EO 201, s.2016, as well as the creation and filling of positions and the release of pension and terminal leave benefits of employees in various agencies. The upswing in infrastructure and other capital outlays, on the other hand, resulted from the implementation of public infrastructure projects of the DPWH (road repair and rehab, flood control projects) and DOTr (rail and transport infra), other capital outlay projects in SUCs (construction, repair and rehab of school facilities, acquisition of equipment) and DOH (upgrading of health facilities and purchase of hospital/medical equipment), and the modernization program of the DND-AFP (purchase of ammunitions, transport equipment and other defense assets).

Outlook for the Rest of the Year

Some P426.7 billion representing 12.7 percent of the P3,350.0 obligation program for 2017 is still available for release to line agencies for the remaining four months of the year. Of this amount, P236.8 billion pertain to allocations under the Special Purpose Funds which comprised largely of the *Miscellaneous and Personnel Benefits Fund* or MPBF (P75.0 billion), *Pension and Gratuity Fund* or PGF (P74.6 billion), budgetary support to GOCCs (P51.6 billion), and Special Shares of LGUs in the Proceeds of National Taxes (P29.6 billion). Significant amount of subsidies is expected to be released from September to December to cover the requirements of GOCCs like the PHIC (subsidy to health insurance premiums) and the NIA (irrigation projects). Utilization of the MPBF and PGF is also anticipated to increase in the succeeding months due to the release of Performance-Based Bonus (PBB) and retirement and terminal leave benefits of employees in various agencies, respectively.

In nominal terms, the disbursements for the month of September are expected to be substantial owing to the huge infrastructure spending requirements of the DPWH. The growth rate, however, is projected to be moderate in view of the one-off P20.5 billion just compensation to PIATCO Inc. which was paid in September of the previous year in connection with the expropriation case of the NAIA Terminal 3. Nonetheless, the payment for the right-of-way claims for various DPWH projects, as well as the procurement for the respective modernization programs of the DND-AFP and DILG-PNP are already on-going following the release of their allotments in August this year. These are expected to further increase disbursement levels in the succeeding months.