

## NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF MAY 2017

National Government disbursements posted a hefty 20.4 percent growth in May 2017 to reach P261.7 billion. Spending rebounded from the 4.5 percent contraction recorded in April to record the highest annual growth so far this year. As a result, disbursements for the first five months of 2017 expanded to P1,060.1 billion, 6.0 percent higher year-on-year and better than the 2.0 percent increase registered for the first four months of 2017.

Spending for the month of May was driven by cash disbursements or NCA expenditures which rose by P41.2 billion or almost 22.0 percent to hit P231.1 billion. This is twice the 10.9 percent growth of non-NCA expenditures and a reversal of the trend in April where cash expenditures contracted by 5.3 percent vis-à-vis the 1.4 percent growth in non-NCA expenditures. This is a positive development since cash disbursements are largely composed of expenditures for the implementation of programs and projects of line agencies while non-NCA expenses are made up mostly of interest payments.

The ratio of NCA disbursements to total effective NCAs also improved to 101.8 percent in May 2017 from 95.3 percent for the same period in 2016 and from only 73.1 percent in April this year as line agencies were able to make use of their previously unutilized NCAs on top of their current allocations for the month. Based on consolidated reports of government-servicing banks, some of the big-spending departments whose NCA disbursement rate<sup>1</sup> improved in May this year compared to the same period last year were the DepEd (100.3% vs 92.7%), DILG (99.0% vs 94.6%), DND (94.7% vs 88.7%), DSWD (319.7% vs 262.2%) and DPWH (113.7% vs 94.7%). This improvement resulted to a cumulative NCA disbursements of P836.7 billion, P50.0 billion or 6.3 percent higher year-on-year and is equivalent to 88.2 percent of total NCAs effective for the period.

**Figure 1. National Government Disbursements as of May**  
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 April				May				January to May			
	2016	2017	Inc/(Dec)		2016	2017	Inc/(Dec)		2016	2017	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	597.0	605.6	8.6	1.4	189.8	231.1	41.2	21.7	786.8	836.7	49.9	6.3
% of Eff. NCA	90.1%	83.9%			95.3%	101.8%			91.3%	88.2%		
Non-NCA	186.1	192.8	6.8	3.6	27.6	30.6	3.0	10.9	213.7	223.4	9.8	4.6
<b>TOTAL</b>	<b>783.1</b>	<b>798.4</b>	<b>15.4</b>	<b>2.0</b>	<b>217.4</b>	<b>261.7</b>	<b>44.3</b>	<b>20.4</b>	<b>1,000.5</b>	<b>1,060.1</b>	<b>59.6</b>	<b>6.0</b>

### Memo Item

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

	January to April	May	January to May
2016	662.4	199.2	861.6
2017	721.6	227.0	948.6

### Allotment Releases

As of May 2016	2,557.0	85.2%	of the P3,001.8 billion obligation program
As of May 2017	2,749.0	82.1%	of the P3,350.0 billion obligation program

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

In terms of allotment releases, a total of P2,749.0 billion or 82.1 percent of the P3,350.0 billion obligation program for the year has been released as of May 31, 2017. Of this amount, some P30.7 billion was released

<sup>1</sup> As a proportion of total NCAs credited for the period, net of trust and working fund.

in May mainly to cover the requirements of the CHED for the K-12 Transition Program (P3.4 billion), DND for the AFP Modernization Program (P4.6 billion), subsidy to GOCCs (P4.8 billion), pension requirements (P3.8 billion).

## Year-on-Year Performance

**Figure 1. National Government Disbursements for the Period Indicated**

Amounts in billion pesos, unless otherwise indicated

Expenditure Class	May		January to May		Increase/(Decrease)			
	2016*	2017	2016*	2017	May		January to May	
					Amt	%	Amt	%
<b>Current Operating Exp.</b>	<b>170.1</b>	<b>200.6</b>	<b>747.0</b>	<b>807.8</b>	<b>30.5</b>	<b>17.9</b>	<b>60.8</b>	<b>8.1</b>
Personnel Services	75.7	89.7	280.1	316.3	14.0	18.5	36.2	12.9
MOOE	38.8	52.0	164.7	166.4	13.2	34.0	1.7	1.0
Subsidy	7.5	4.1	20.5	25.9	(3.4)	(45.2)	5.4	26.1
Allotment to LGUs	28.6	32.5	142.8	162.7	3.9	13.8	20.0	14.0
Interest Payments	18.7	21.0	136.0	132.3	2.3	12.4	(3.7)	(2.8)
Tax Expenditures	1.0	1.4	2.9	4.3	0.5	48.5	1.4	48.3
<b>Capital Outlays</b>	<b>47.1</b>	<b>60.9</b>	<b>249.6</b>	<b>253.7</b>	<b>13.7</b>	<b>29.1</b>	<b>4.1</b>	<b>1.7</b>
Infrastructure/Other CO	35.2	46.2	182.4	197.2	11.0	31.4	14.8	8.1
Equity	0.0	0.0	8.4	0.1	(0.0)	(64.7)	(8.3)	(99.4)
Capital Transfers to LGUs	11.9	14.6	58.8	56.4	2.7	22.6	(2.3)	(4.0)
<b>Net Lending</b>	<b>0.2</b>	<b>0.2</b>	<b>3.9</b>	<b>(1.5)</b>	<b>0.0</b>	<b>5.3</b>	<b>(5.3)</b>	<b>(137.7)</b>
<b>TOTAL</b>	<b>217.4</b>	<b>261.7</b>	<b>1,000.5</b>	<b>1,060.1</b>	<b>44.3</b>	<b>20.4</b>	<b>59.6</b>	<b>6.0</b>

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

### For the Month of May 2017

All major expenditure class posted a two-digit growth recovering from the contraction recorded in the previous month, leading to the 20.4 percent expansion in May 2017:

- Maintenance spending rocketed by P13.2 billion or 34.0 percent to reach P52.0 billion owing to the pay-out of cash grants under the *Pantawid Pamilyang Pilipino Program* of the DSWD; the operating requirements and allowances of teachers of the DepEd; and the expenses incurred for the security, emergency preparedness and response during the ASEAN summit. The increase also reflects the payments which should have been made in April but spilled over in May given the greater number of holidays in April.
- Infrastructure and other capital expenditures rose strongly by P11.0 billion or 31.4 percent to end at P46.2 billion in May this year due to the completed road construction, repair and rehabilitation, and flood control infrastructures implemented by the DPWH, as well as the requirements for the purchase of anti-submarine helicopters under the AFP Modernization Program of the DND.
- Personnel services spending increased by P14.0 billion or 18.5 percent to reach P89.7 billion largely on account of the release of the P32.6 billion for mid-year bonus of government employees with rates equivalent to one (1) month salary consistent with the provision under the second tranche implementation of the Compensation Adjustment of 2016. The requirements for filling and creation of positions in the DepEd, the release of pension and terminal leave benefits of the different agencies, and the higher combat incentive and combat duty pay for uniformed and military personnel of the DILG-PNP and DND-AFP also contributed to the higher PS expense.

Higher disbursements were also recorded for Allotment and Capital Transfers to LGUs which combined for some P47.1 billion outlays in May this year, P6.6 billion or 16.4 percent more than P40.5 billion for the same month in 2016. The increase was a result of higher shares from internal revenues collected by the BIR and the release of some P5.8 billion for the repair, rehabilitation and improvement of local roads under the *Conditional Matching Grant* of the Local Government Support Fund. Likewise, interest payments were up by P2.3 billion or 12.4 percent due to payments taken up in May this year but were previously settled in April of 2016.

On the other hand, subsidy to government corporations in May 2017 amounted to P4.1 billion, down by P3.4 billion or 45.2 percent year-on-year mainly due to timing of releases to the NFA and PEZA. In May last year, some P4.3 billion was released to the NFA for its price and supply stabilization program and another P1.5 billion to PEZA as power subsidy. For 2017, the requirements of NFA were released in March while the subsidy for PEZA is scheduled for release later this year. The reduction, however, was partially offset by the disbursements of the NIA for completed irrigation projects (P3.0 billion) and PCA for the coconut industry development program (P761 million).

#### *For the Period January to May 2017*

As of May 31, 2017, total national government spending thus ended at P1,060.1 billion, increasing by nearly P60.0 billion or 6.0 percent from the level for the comparable period in 2016. Disbursements for the period were boosted by higher personnel services expenditures reaching P316.3 billion (12.9 percent year-on-year) mainly to cover the requirements of filling/creation of positions in key government agencies and the increase in the base pay of civilian employees and allowances of the uniformed and military personnel; sizeable Allotments to Local Government Units reaching P162.7 billion (14.0 percent year-on-year) as a result of larger shares of LGUs from internal revenue collections; and the huge investments in infrastructure and other capital expenditures totaling to P197.2 billion (8.1 percent year-on-year) largely due to road infrastructure projects of the DPWH and modernization program of the DND-AFP. Also, the improvement in maintenance spending in May this year had partly offset the contraction recorded during the first four months of the year.

The growth recorded for these items, however, was tempered by the reduction in interest payments (P3.7 billion, 2.8 percent year-on-year) and net lending (P5.3 billion, more than 100.0 percent) which is highly favorable for the government as the cost of less productive expenditures and its magnitude to total spending declines. It may be worthy to note that excluding debt burden, disbursements for the period accelerated faster by 8.0 percent. The contraction in equity (P8.3 billion, 99.4 percent) and capital transfers to LGUs (P2.3 billion, 4.0 percent) also weighed down on disbursements sans the capitalization requirements of the LBP and DBP, and the lower releases from the *Special Shares of the LGUs in the Proceeds of National Taxes* pending certification by the collecting agencies of the actual shares of the LGUs, respectively.

#### **Outlook for the Rest of the Year**

Some P601.0 billion or less than 20.0 percent of the P3,350 obligation program for the year remains unreleased as of end-May 2017. Of this amount, P304.3 is lodged under the special purpose funds and P281.6 billion in agency-specific budgets. The bulk of unreleased allotments in SPFs covers the requirements for pension and retirement benefits under the PGF (P96.6 billion), filling or creation of positions and under personnel benefits under the MPBF (P77.0 billion) and the remaining budgetary support to GOCCs (P82.7 billion). For the agency-specific budget meanwhile, this includes some P54.7 billion in the DepEd mainly for the *requirements for filling/creation of positions* and some P142.2 billion in the DPWH largely for the *provision and maintenance of basic educational facilities*<sup>2</sup>. The release of these allotments will be contingent on the submission by implementing agencies of the additional supporting documents as required by the GAA.

Disbursements are expected to gradually gather speed in the succeeding months. Seasonally, spending usually picks up during the third month of the quarter as line agencies speed up the utilization of their NCAs before they lapse at the last working day of the quarter. Moreover, agencies are expected to implement catch up plans or measures to recover from the delays encountered in the earlier months and these could further improve their disbursement levels.

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<sup>2</sup> Appropriations of the DepEd for direct release to DPWH pursuant to Special Provision No. 4 of the DepEd in the 2017 GAA, RA 10924