

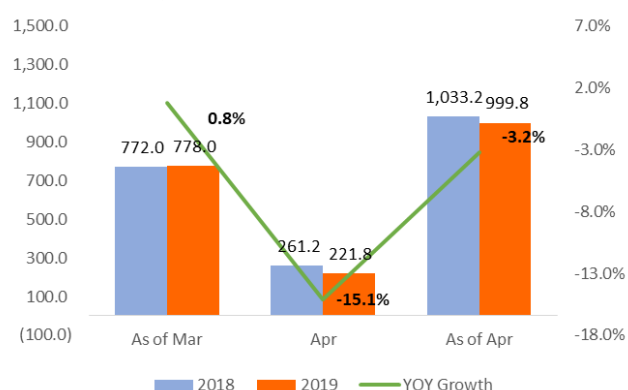
NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF APRIL 2019

National Government spending for the month of April 2019 reached P221.8 billion, lower by 15.1 percent year-on-year largely due to the combined impact of the delayed passage of the FY 2019 General Appropriations Act (GAA) and the election ban¹ on public works. The disbursement performance in April weighed down on spending growth for the first four months of the year, which contracted by 3.2 percent, reaching only P999.8 billion.

Figure 1. National Government Disbursements for the Period Indicated

Amounts in billion pesos, unless otherwise indicated



Consequently, Notice of Cash Allocation

(NCA) disbursements in April 2019 declined to P188.5 billion, P37.3 billion or 16.5 percent lower than the previous year's level. This represents 82.1 percent of the P229.6 billion worth of NCAs effective for April 2019, less than the 87 percent in the previous year. The decrease in NCA disbursements was attributed to lower infrastructure and other capital outlays, and capital transfers to LGUs. This was partly offset by higher spending on other expense items such as personnel services (PS) and subsidy (*details are discussed under the year-on-year performance*).

Table 1. Comparison of NCA and Non-NCA Disbursements, 2018-2019

In billion pesos, unless otherwise indicated

Particulars	As of March				April				As of April			
	2018	2019	Inc/(Dec)		2018	2019	Inc/(Dec)		2018	2019	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	585.9	590.5	4.6	0.8	225.8	188.5	(37.3)	(16.5)	811.7	779.0	(32.7)	(4.0)
<i>% of Eff. NCA</i>	<i>92.3%</i>	<i>94.8%</i>			<i>87.0%</i>	<i>82.1%</i>			<i>90.7%</i>	<i>91.4%</i>		
Non-NCA	186.0	187.4	1.4	0.8	35.5	33.3	(2.1)	(6.0)	221.5	220.8	(0.7)	(0.3)
TOTAL	772.0	778.0	6.0	0.8	261.2	221.8	(39.4)	(15.1)	1,033.2	999.8	(33.4)	(3.2)
Memo Item:												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
	As of March				April				As of April			
	2018	634.9			2018	259.6			2018	894.5		
	2019	623.0			2019	229.6			2019	852.7		
Allotment Releases:												
As of April 2018		3,264.9										
As of April 2019		1,322.7										

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

Allotment Releases

Total allotment releases as of end-April 2019 amounted to P1,322.7 billion. Although this is still lower than the P3,264.9 billion allotment releases for the same period last year, this is more than double the amount of allotment releases made as of the first quarter of 2019 (P500.9 billion) with the release of the second quarter regular and operating requirements of agencies under the 2018 reenacted budget, and also the Q2 Internal Revenue Allotment (IRA). Allotment releases are expected to further increase in the succeeding months as National Budget Circular (NBC) No. 577 was issued last May 2, 2019, which prescribes the guidelines on the release of funds for FY 2019 GAA.

¹ Pursuant to COMELEC Resolution No. 10429 which prohibits construction of public works and delivery of materials for public works from March 29, 2019 to May 12, 2019

Year-on-Year Performance, by Expense Class

For the Month of April 2019

National Government spending in April 2019 amounted to P221.8 billion. Although disbursements were lower by 15.1 percent or P39.4 billion year-on-year, the following expenditures recorded positive growth rates to partially temper the reduction recorded in infrastructure and capital outlays, and capital transfers to LGUs:

- PS reached P78.9 billion for the month of April 2019, up by 9.9 percent or P7.1 billion from the same period last year on account of the 4th tranche implementation of the salary increase of civilian personnel of the National Government pursuant to National Budget Circular No. 575. The said increase was applied retroactively from January this year, consistent with Executive Order (EO) No. 76 s.2019 dated March 15, 2019.
- Maintenance expenditures totalled to P34.9 billion, a slight increase of P1.5 billion from last year's level, largely due to the payment of prior year's accounts payables for the Government Assistance to Students and Teachers in Private Education (GASTPE) by the Department of Education (DepEd), and disbursements of the Commission on Election (COMELEC) for the conduct of the May 2019 national and local elections.
- Allotment to LGUs for April 2019 reached P38.4 billion, higher by P8.7 percent or P3.1 billion from last year owing to higher shares of LGUs in the proceeds of internal revenue collections.
- Subsidy to GOCCs amounted to P5.1 billion, increasing by 32.0 percent or P1.2 billion mainly due to payment of prior year's accounts payables of the National Irrigation Administration (P3.1 billion) for its completed irrigation projects, as well as the payment for the previous year's Government Premium Subsidy (GPS) to the Philippine Crop Insurance Corporation (P0.6 billion) for the insurance premiums of subsistence farmers and fisherfolk.

However, the growth in these expense items was cancelled out by the significant decline in infrastructure and other capital outlays as a result of the delays in the approval of the FY 2019 GAA and election ban on the implementation of public works as earlier pointed out. Infrastructure and other capital expenditures reached P28.3 billion, compared to P65.6 billion in April 2018.

Capital transfers to LGUs also went down to P9.6 billion this April from P25.6 billion last year. No releases were made from the Local Government Support Fund (LGSF) as these are mainly for capital outlay projects covered by the election ban.

Table 2. NG Disbursements for the Month of April, 2018 and 2019

Amount in billion pesos, unless otherwise indicated

Expenditure Class	April			
	2018	2019	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	170.1	183.8	13.7	8.0
Personnel Services	71.8	78.9	7.1	9.9
MOOE	33.4	34.9	1.5	4.4
Subsidy	3.9	5.1	1.2	32.0
Allotment to LGUs	35.3	38.4	3.1	8.7
IP	23.2	23.5	0.4	1.6
TEF	2.5	2.9	0.4	15.7
CAPITAL OUTLAYS	91.1	37.9	(53.2)	(58.4)
Infra and Other CO	65.6	28.3	(37.3)	(56.9)
Equity	0.0	0.1	0.0	181.1
Capital Transfers to LGUs	25.6	9.6	(16.0)	(62.5)
NET LENDING	0.0	0.1	0.1	440.0
TOTAL	261.2	221.8	(39.4)	(15.1)

For the Period January to April 2019

As of end-April 2019, disbursements stood at P999.8 billion, lower by 3.2 percent or P33.4 billion year-on-year. The decrease for the period was mainly attributed to the delay in the passage of the 2019 National Budget coupled with the election ban from March 29 to May 12, 2019.

Infrastructure and other capital outlays were the most affected, decreasing by 7.3 percent or P16.3 billion to reach P206.4 billion for the first four months of the year. Although infrastructure spending increased for the first quarter of 2019 due to the payment of prior years' accounts payables for completed infrastructure projects, disbursements in April 2019 were lower year-on-year as some infrastructure projects were not started following the late budget approval and election ban.

Likewise, capital transfers to LGUs went down by 36.6 percent or P25.4 billion since releases from the special shares of LGUs in the proceeds of national taxes and LGSF were also covered by the election ban.

Outlook for the Rest of the Year

Following the release of NBC No. 577 on May 2, 2019, the government set the Allotment Release Program (ARP) for the year at P3,662 billion, consistent with the approved FY 2019 GAA level. Through the same issuance, the DBM has already comprehensively released a total of P1,557.9 billion covering the different agency specific budgets to cover their expenditure requirements and enable them to start implementing their new programs, activities, and projects (PAPs). Some P255.1 billion in agency specific budget, and P394.2 billion in Special Purpose Funds (SPFs) remain to be released for the rest of the year. This will be done upon submission of special budget requests and additional supporting documents by the line agencies.

The government is also implementing catch-up measures to mitigate the effects of the re-enacted budget and to meet this year's spending target and GDP growth. For instance, during the Economic Development Cluster (EDC) meeting held last May 24, 2019, the Department of Public Works and Highways (DPWH) and the Department of Transportation (DOTr) Rail Sector have committed to accelerate implementation of big-ticket infrastructure projects and spend P725.0 billion and P78.0 billion on infrastructure expenditures, respectively, to support the government's target of 4.2% of GDP infrastructure spending of National Government Agencies (NGAs), and at least 6.0 percent economic growth this year.

In the case of DepEd, the agency has been doing regular collaboration sessions with program teams and constant monitoring of performance of its major and big-ticket programs to ensure that these are continuously implemented. Meanwhile, the Department of Health (DOH) has prioritized the following Health Facilities Enhancement Program (HFEP) projects:

- i. 100% completed infrastructure to be equipped with human resource;
- ii. 70-90% completed, but needing additional funding and other infrastructure projects with phased implementation.

The Department has, likewise, established a Project Management Team in all its Centers for Health Development (CHDs) and DOH hospitals to track monthly physical and financial performance/accomplishment.

Table 3. NG Disbursements for the Period January to April, 2018 and 2019

Amount in billion pesos, unless otherwise indicated

Expenditure Class	January to April			
	2018	2019	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	739.3	745.6	6.3	0.9
Personnel Services	278.4	297.1	18.6	6.7
MOOE	144.4	142.4	(2.0)	(1.4)
Subsidy	49.2	14.4	(34.7)	(70.7)
Allotment to LGUs	140.1	153.5	13.4	9.6
IP	120.3	131.3	11.0	9.1
TEF	6.9	6.9	0.0	0.0
CAPITAL OUTLAYS	294.1	250.5	(43.6)	(14.8)
Infra and Other CO	222.7	206.4	(16.3)	(7.3)
Equity	2.0	0.1	(2.0)	(95.5)
Capital Transfers to LGUs	69.4	44.0	(25.4)	(36.6)
NET LENDING	(0.2)	3.7	3.9	(1,803.2)
TOTAL	1,033.2	999.8	(33.4)	(3.2)