

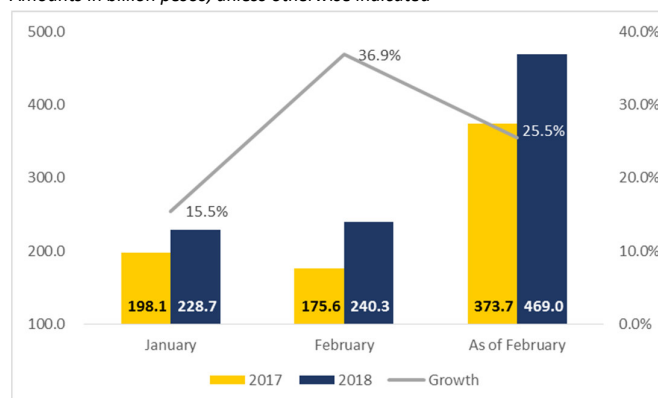
## NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

### AS OF FEBRUARY 2018

National government spending reached P240.3 billion in February this year, registering a remarkable year-on-year growth of 37 percent – the second highest since the 44.1 percent monthly increase posted in June 2014.

This is a significant improvement from the measly 1.1 percent growth recorded for the same month in the previous year, as spending continued to surge behind infrastructure expenditures, higher maintenance and personnel services, as well as releases to recipient LGUs of their respective special shares in the proceeds of national taxes.

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



The strong expenditure performance in February, thus, puts disbursements for the first two months of the year to P469.0 billion, up by nearly 26 percent when compared to the same period last year.

In terms of composition of disbursement authorities, NCA disbursements in February 2018 rose to P190 billion, representing 84.2 percent of the total NCAs effective for the month. This is larger by almost P50 billion year-on-year as a result of the big-ticket expenditures of DPWH, DND, DILG, DepEd, COMELEC and CHED (*details are discussed under the year-on-year performance*). Non-NCA disbursements, on the other hand, amounted to P50.4 billion, up by P15.2 billion or 43.1 percent on account of higher interest payments from Global bond switch transactions and weaker peso, and encashment of checks issued in the previous year. For the first two months of the year, NCA disbursements totaled to P314.4 billion while Non-NCA disbursements reached P154.6 billion, increasing by P68.2 billion (27.7 percent y-o-y) and P27.1 billion (21.3 percent y-o-y), respectively.

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

Amounts in billion pesos, unless otherwise indicated

Particulars	January				February				As of February			
	2017	2018	Inc/(Dec)		2017	2018	Inc/(Dec)		2017	2018	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	105.9	124.5	18.7	17.6	140.3	189.9	49.5	35.3	246.2	314.4	68.2	27.7
<i>% of Eff. NCA</i>	<i>70.4%</i>	<i>83.2%</i>			<i>76.7%</i>	<i>84.2%</i>			<i>73.9%</i>	<i>83.8%</i>		
Non-NCA	92.2	104.2	12.0	13.0	35.2	50.4	15.2	43.1	127.4	154.6	27.1	21.3
<b>TOTAL</b>	<b>198.1</b>	<b>228.7</b>	<b>30.6</b>	<b>15.5</b>	<b>175.6</b>	<b>240.3</b>	<b>64.7</b>	<b>36.9</b>	<b>373.7</b>	<b>469.0</b>	<b>95.3</b>	<b>25.5</b>

#### Memo Item

NCAs issued effective for the month, net of Trust Liabilities, Gross of Working Fund.

	January	February	As of February
2017	150.4	182.9	333.3
2018	149.7	225.6	375.4

#### Allotment Releases

As of February 2017: P2,574.6 billion or 76.9% of the P3,350.0 billion obligation program  
As of February 2018: P3,035.6 billion or 80.6% of the P3,767.0 billion obligation program

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

#### Allotment Releases

Total allotment releases for the two month period amounted to P3,035.6 billion, accounting for 80.6 percent of the P3,767.0 billion obligation program for the year. Of this amount, some P68.8 billion was released in February alone, comprising largely of the releases from MPBF to cover the requirements of the compensation

adjustments for the Military and Uniformed Personnel, Performance Based-Bonus and other personnel benefits (P37.3 billion); subsidy and equity to Government-Owned and Controlled Corporations (P13.2 billion); requirements for the creation and filling of positions, and Basic Educational Facilities Fund of the DepEd (P6.0 billion); and implementation of the K-12 transition program of the CHED (P2.8 billion).

### Year-on-Year Performance, by Expense Class

For the Month of February 2018

Government disbursements accelerated further in February 2018 primarily due to substantial infrastructure outlays, personnel services and maintenance spending:

- Infrastructure and other capital expenditures grew by 44 percent year-on-year to reach P50.5 billion as a result of completed road infrastructure projects of the DPWH such as improvement and rehabilitation of dike systems, flood control and mitigation structures, and construction of roads, bridges and school buildings. The higher infrastructure spending also stemmed from the acquisition of office building of the BIR-Revenue Region VIII, the construction of dry dock facility of the DND-Philippine Navy, as well as the opening of *Letter of Credit* in connection with the COMELEC's option to purchase of vote counting machines for the 2019 National and Local Elections.
- Maintenance and other operating expenditures similarly expanded by more than fifty percent of the previous year's outturn to record P26.8 billion, owing largely to prior year's accounts payables for educational assistance and grants provided to qualified students and teachers under the *Government Assistance for Students and Teachers in Private Education* (P3.5 billion), scholarship assistance and grants to students enrolled in SUCs under the *Higher Education Support Program* of the CHED (P1.1 billion). Moreover, the purchase of various supplies, ammonitions and petroleum, oil and lubricant requirements of the Philippine Navy; continued settlement of billings from completed ASEAN events and activities in 2017; and the regular operating expenses of various agencies contributed to the spike in maintenance spending.
- Personnel Services jumped to P58.5 billion, up by P10.6 billion or 22.0 percent from the level a year ago mainly on account of the increase in the base pay of both civilian, and military and uniformed personnel of the DND, DILG, PCG and NAMRIA by virtue of EO No. 201, s.2016 and JR No.1, s.2018, respectively.

The other sources of growth of disbursements for the month, as mentioned earlier, were Capital transfers to LGUs and Interest payments:

- Capital transfers to LGUs soared by nearly three-folds to reach P24.2 billion, largely due to the release of the cash allocations representing the previous year's shares of recipient LGUs from tobacco excise taxes amounting to some P15.3 billion<sup>1</sup>.
- Interest payments increased by about P12 billion arising from the Global bond switch transaction last year, and partly from the effects of weaker peso. The bond switch transaction is part of the liability management of the BTr aimed at reducing the overall cost of government borrowings by issuing new bond instruments in exchange of the more expensive and maturing bonds.

**Table 2. NG Disbursements for the Month of February, 2017-2018**

Amounts in billion pesos, unless otherwise indicated

Expenditure Class	February		Increase/(Decrease)	
	2017	2018		
			Amt	%
CURRENT OPERATING EXP.	132.9	166.6	33.7	25.4
Personnel Services	48.0	58.5	10.6	22.0
MOOE	17.6	26.8	9.2	52.0
Subsidy	10.0	9.1	(0.9)	(8.7)
Allotment to LGUs	32.5	35.7	3.2	9.9
Interest Payments	24.2	36.2	11.9	49.2
Tax Expenditure Fund	0.7	0.4	(0.3)	(45.6)
CAPITAL OUTLAYS	43.5	74.7	31.3	71.9
Infra and Other CO	35.1	50.5	15.4	43.9
Equity	-	0.0	0.0	--
Capital Transfers to LGUs	8.4	24.2	15.8	188.7
NET LENDING	(0.8)	(1.1)	(0.3)	31.0
<b>TOTAL</b>	<b>175.6</b>	<b>240.3</b>	<b>64.7</b>	<b>36.9</b>

<sup>1</sup> Based on NCA releases per DBM e-Budget System report as of February 28, 2018.

*For the Period January to February 2018*

NG spending reached P469 billion as of end-February 2018, higher by a quarter of the P373.7 billion disbursements for the comparable months in 2017.

Infrastructure and other capital outlays, which amounted to almost P93.8 billion and up by 34.6 percent year-on-year, continued to be a major growth driver of government spending. It accounted for 20.0 percent of the total disbursements, and contributed 25.0 percent of the P95.3 billion increase in spending for the period January to February 2018 this year.

Personnel services, as expected, have likewise propelled NG disbursements reaching P120.4 billion as of end February 2018 and 22.2 percent more than the outturn for the same months last year, in line with the higher compensation scheme of both the civilian government employees, and the military and uniformed personnel. On the other hand, maintenance expenditures ended up at P60.9 billion for the first two months of 2018, growing by P14.8 billion or 32.0 percent from payments for the delivery of social services sector programs and other operating requirements of the government such as supplies and utilities.

**Outlook for the Rest of the Year**

As of end-February 2018, the remaining program balance out of the total P3,767.0 billion obligation program for the year amounts to P731.4 billion. This balance will decline further in the succeeding months as the release of agency allocations from Special Purpose Funds (such as the MPBF and PGF) will be requested, along with some of the subsidy and equity contributions to government corporations. Disbursements are also expected to further quicken in March as agencies seek to utilize their remaining cash allocations that have been fully credited during the quarter, since the same are only valid until the last working day of March. In all, spending will remain upbeat owing to the implementation of various infrastructure projects and banner social programs, as well as from the settlement of billings and claims from prior year's obligations.

**Table 3. NG Disbursements for the Period January to February, 2017-2018**  
Amounts in billion pesos, unless otherwise indicated

Expenditure Class	January to February		Increase/(Decrease)	
	2017	2018	Amt	%
CURRENT OPERATING EXP.	288.2	343.3	55.1	19.1
Personnel Services	98.5	120.4	21.9	22.2
MOOE	46.1	60.9	14.8	32.0
Subsidy	11.3	10.0	(1.2)	(10.8)
Allotment to LGUs	64.9	70.5	5.6	8.6
Interest Payments	66.6	79.7	13.1	19.7
Tax Expenditure Fund	0.8	1.8	1.0	131.6
CAPITAL OUTLAYS	86.5	126.7	40.2	46.4
Infra and Other CO	69.7	93.8	24.1	34.6
Equity	-	0.0	0.0	--
Capital Transfers to LGUs	16.9	32.9	16.0	94.7
NET LENDING	(1.1)	(1.1)	-	-
<b>TOTAL</b>	<b>373.7</b>	<b>468.9</b>	<b>95.3</b>	<b>25.5</b>