

## HIGHLIGHTS OF NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

As of September 2019

*For the Month of September 2019*

National Government spending for the month of September 2019 soared to P415.1 billion, increasing by P116.5 billion or 39.0 percent from the same period last year. This is the fastest growth recorded so far this year. This strong performance is driven by the acceleration of spending for the following items:

- Infrastructure and other capital outlays rose sharply to P100.3 billion, up by P35.1 billion or 53.9 percent. Notably, this contributed to almost a third of the P116.5 billion increase in disbursements for the month. Infrastructure spending is buoyed primarily by completed and partially completed projects of the DPWH such as construction, upgrading, repair and rehabilitation of roads, bridges and flood control structures. Likewise, capital expenditures related to the purchase of military equipment under the Revised AFP Modernization Program of the DND, and the construction of the new Supreme Court building of the Judiciary ramped up infrastructure spending for the month.
- Support to GOCCs expanded by more than two-folds in September to end up at P54.7 billion from P19.6 billion last year. The significant increase is attributed to the PhilHealth's payment of health premiums of senior citizens (P27.1 billion) and indigent patients (P2.2 billion); release of P12.0 billion to the Landbank as conduit of the DSWD for the implementation of the Unconditional Cash Transfer (UCT) Program; settlement of obligations of the NIA (P7.5 billion) for its completed irrigation programs and projects; and release to the Small Business Corporation (SBC) to support its financing program for MSMEs called *Pondo para sa Pagbabago at Pag-Asenso* (P1.3 billion).
- Maintenance spending continued to improve, surging by P13.0 billion or 26.1 percent year-on-year to reach P62.7 billion. This is largely attributed to the releases to TESDA for the payment of tuition and school fees of students enrolled in Technical Vocational courses under the Universal Access to Quality Tertiary Education (UAQTE) Program, and the continued disbursements from the payout of cash grants to CCT beneficiaries.
- PS expenditures were recorded at P92.6 billion, P12.1 billion or 15.0 percent more than a year ago. The growth is credited to the impact of the higher base pay of both civilian employees and military and uniformed personnel (MUP), and the higher pension of retired MUP which is indexed to the salary of those in active service, as well as the creation/filling of positions and payment of retirement gratuity and terminal leave benefits of retiring employees in various agencies.
- Combined allotment and capital transfers to LGUs amounted to P59.8 billion, growing by P12.7 billion or 27.0 percent as a result of higher share of LGUs from the proceeds of national taxes, and releases from the Local Government Support Fund particularly for the Assistance to Disadvantaged Municipalities (P7.3 billion), the Conditional Matching Grant to Provinces (P1.0 billion) and the *Sagana at Ligtas na Tubig para sa Lahat* or SALINTUBIG (P0.6 billion).

Other drivers of spending for the month of September include:

a) tax expenditures which totaled to P5.7 billion or P3.8 billion more than the level in September 2018 on account of payment of custom duties to NFA on rice importation, payment to DOTr for income tax on the profits from the MRT-3 operations, and additional tax subsidy granted to the Philippine Deposit Insurance Corporation (PDIC) for payment of VAT; and

b) interest payments which closed at P43.1 billion or P10.4 billion higher year-on-year due to coupon payments for reissued bonds and timing of payments for the 25-year Fixed Rate Treasury Bonds.

*For the period January to September 2019*

Year-to-date, NG disbursements amounted to P2,626.9 billion, P137.2 billion or 5.5 percent higher year-on-year, a significant improvement from the 0.8 percent contraction recorded during the first semester this year. This robust spending performance was mainly due to the substantial subsidies to government corporations (P151.5 billion, 21.4 percent y-o-y) for the implementation of the UCT Program through the LandBank, National Health Insurance Program of the PHIC, and irrigation programs of the NIA among others; higher allotment to LGUs (P345.3 billion, 9.5 percent y-o-y), PS expenditures (P745.9 billion, 9.0 percent y-o-y), and maintenance spending (P391.5 billion, 5.6 percent y-o-y).

Meanwhile, infrastructure and other capital outlays of P546.3 billion were still lower by 4.3 percent year-on-year, albeit slightly improving from the 11.7 percent negative growth posted as of end-June 2019.

NG disbursements continued to catch up with the spending plan as the variance vis-à-vis the program for the first three quarters was narrowed down to just 2.1 percent (P57.6 billion) from 7.3 percent (P125.8 billion) as of end-June 2019. Spending fell below the target for the period mainly on account of the delay in the passage of the FY 2019 GAA and election ban on public works at the earlier part of the year.