

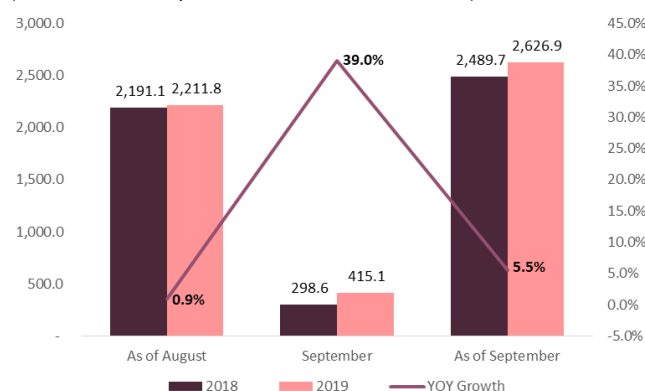
## NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

### AS OF SEPTEMBER 2019

National Government disbursements grew by 39.0 percent year-on-year in September 2019 to reach P415.1 billion, the fastest growth recorded so far this year mainly due to higher infrastructure spending and subsidy contributions. This brings disbursements as of end-September 2019 to P2,626.9 billion, up by 5.5 percent from the same period last year.

In terms of the use of disbursement authorities, NCA expenditures in September 2019 grew by P107.1 billion or 42.2 percent year-on-year to reach P360.7 billion. NCA expenditures comprised 86.9 percent of the total NG disbursements for the month of September, which represent outlays for government operations and implementation of programs/projects. Meanwhile, Non-NCA disbursements grew by P9.4 billion or 20.9 percent for the same period to reach P54.4 billion. Year-to-date, NCA disbursements closed at P2,169.9 billion while Non-NCA disbursements totalled P457.0 billion, growing by 5.3 percent and 6.4 percent, respectively.

**Figure 1. National Government Disbursements for the Period Indicated**  
(Amounts in billion pesos, unless otherwise indicated)



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

(Amount in billion pesos, unless otherwise indicated)

Particulars	As of August				September				As of September			
	2018	2019	Inc/(Dec)		2018	2019	Inc/(Dec)		2018	2019	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	1,806.7	1,809.2	2.4	0.1	253.7	360.7	107.1	42.2	2,060.4	2,169.9	109.5	5.3
<i>% of Eff. NCA</i>	<i>93.9%</i>	<i>92.0%</i>			<i>107.1%</i>	<i>119.0%</i>			<i>95.3%</i>	<i>95.6%</i>		
Non-NCA	384.4	402.6	18.2	4.7	44.9	54.4	9.4	20.9	429.3	457.0	27.6	6.4
<b>TOTAL</b>	<b>2,191.1</b>	<b>2,211.8</b>	<b>20.7</b>	<b>0.9</b>	<b>298.6</b>	<b>415.1</b>	<b>116.5</b>	<b>39.0</b>	<b>2,489.7</b>	<b>2,626.9</b>	<b>137.2</b>	<b>5.5</b>

#### Memo Item

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

As of August

2018 1,924.2

2019 1,966.9

September

2018 236.9

2019 303.1

As of September

2018 2,161.2

2019 2,270.0

#### Allotment Releases

As of September 2018 3,527.8 93.6% of the P3,767.0 billion obligation program

As of September 2019 3,490.6 95.3% of the P3,661.6 billion obligation program<sup>1</sup>

<sup>1</sup>Includes releases from Automatic Appropriations, other releases chargeable against Continuing Appropriations and Unprogrammed Appropriations, and Actual Obligations from the FY 2018 GAA, as reenacted

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

## Allotment Releases

For the first nine months of the year, total allotment releases amounted to P3,490.6 billion, representing 95.3 percent of the P3,661.6 billion obligation program for 2019. For September 2019, allotment releases totalled to P145.1 billion<sup>1</sup>, composed largely of the following big-ticket releases: i) requirements of health insurance premiums of senior citizens and other indigent beneficiaries enrolled in the National Health Insurance Program (NHIP) of the Philippine Health Insurance Corporation (PHIC) - P29.8 billion; ii) Unconditional Cash Transfer (UCT) Program through the Land Bank of the Philippines (LBP) as conduit of the Department of Social Welfare and Development (DSWD) – P18.0 billion; and iii) payment of right-of-way requirements of the Department of Transportation (DOTr)- P13.3 billion.

<sup>1</sup> Based on SARO Listing for the period September 1 to 30, 2019. Generated from the DBM eBudget System.

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

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 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 growth of disbursements for the month. Infrastructure spending was propelled by completed and partially completed projects of the Department of Public Works and Highways (DPWH) nationwide such as preventive maintenance, construction, widening, upgrading, repair and rehabilitation of roads (i.e. national, secondary, access, by-pass and diversion), bridges and flood control structures, as well as construction of school buildings. Likewise, capital expenditures related to the purchase of military equipment under the Revised Armed Forces of the Philippines (AFP) Modernization Program of the Department of National Defense (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 ending 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) under the NHIP; release of P12.0 billion to the LBP as conduit of the DSWD for the implementation of the UCT Program; settlement of obligations of the National Irrigation Administration (NIA; P7.5 billion) for its completed irrigation programs and projects; and release to the Small Business Corporation (SBC) for the *Pondo para sa Pagbabago at Pag-Asenso*, a financing program for MSMEs (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 due to the releases to the Technical Education and Skills Development Authority (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 the Conditional Cash Transfer (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 year-on-year as a result of higher shares 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).

Table 2. NG Disbursements for the Month of September, 2018 and 2019  
(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	September			
	2018	2019	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	219.5	297.3	77.7	35.4
Personnel Services	80.5	92.6	12.1	15.0
MOOE	49.8	62.7	13.0	26.1
Subsidy	19.6	54.7	35.1	179.3
Allotment to LGUs	35.0	38.4	3.3	9.5
IP	32.7	43.1	10.4	31.9
TEF	2.0	5.7	3.8	189.7
CAPITAL OUTLAYS	78.0	122.6	44.6	57.2
Infra and Other CO	65.2	100.3	35.1	53.9
Equity	0.8	0.9	0.1	10.9
Capital Transfers to LGUs	12.0	21.4	9.4	78.2
NET LENDING	1.1	(4.8)	(5.9)	(544.2)
<b>TOTAL</b>	<b>298.6</b>	<b>415.1</b>	<b>116.5</b>	<b>39.0</b>

Other drivers of spending for the month of September 2019 include:

- a) Tax expenditures which totalled to P5.7 billion or P3.8 billion more than the level in September 2018 on account of payment of custom duties to the National Food Authority (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 Third Quarter of 2019

**Table 3. NG Disbursements for the Third Quarter, 2018 and 2019**

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	Third Quarter						
	2018 Actual	2019		Variance		Increase/(Decrease)	
		Program <sup>1/</sup>	Actual	Amt	%	Amt	%
CURRENT OPERATING EXP.	626.1	705.0	756.1	51.1	7.2	130.0	20.8
Personnel Services	223.9	256.1	242.6	(13.5)	(5.3)	18.7	8.4
MOOE	128.7	151.2	149.4	(1.8)	(1.2)	20.7	16.1
Subsidy	57.1	41.6	124.8	83.2	199.8	67.7	118.6
Allotment to LGUs	104.9	116.4	115.1	(1.3)	(1.1)	10.2	9.8
IP	105.8	137.4	113.7	(23.8)	(17.3)	7.9	7.4
TEF	5.8	2.3	10.5	8.2	357.2	4.7	81.5
CAPITAL OUTLAYS	254.6	244.8	283.5	38.7	15.8	28.9	11.4
Infra and Other CO	218.1	201.6	234.9	33.3	16.5	16.8	7.7
Equity	1.3	0.5	1.1	0.6	125.4	(0.2)	(12.5)
Capital Transfers to LGUs	35.2	42.7	47.5	4.9	11.4	12.3	34.9
NET LENDING	5.5	18.7	(2.9)	(21.6)	(115.5)	(8.4)	(153.0)
<b>TOTAL</b>	<b>886.2</b>	<b>968.5</b>	<b>1,036.7</b>	<b>68.2</b>	<b>7.0</b>	<b>150.5</b>	<b>17.0</b>

<sup>1/</sup> Preliminary and subject to updating. The quarterly targets are initially based on seasonality pending the availability of the revised DBM-evaluated MDP (FY 2019 GAA level).

NG spending for the third quarter of 2019 reached P1.04 trillion, surpassing the level for the same period last year by P150.5 billion or 17.0 percent, and rebounding from the 0.8 percent and -2.3 percent growth in Q1 and Q2, respectively. This accounts for almost 40 percent of the total disbursements for the first three quarters, reflective of the government's effort to catch up with the spending plan for the year. Disbursements for the third quarter were buoyed primarily by the impressive 39.0 percent growth posted in September 2019 resulting from substantial subsidy contributions to GOCCs and transfers to LGUs, and quicker infrastructure and maintenance spending.

Aside from posting a double-digit year-on-year growth, spending for Q3 also exceeded the P968.5 billion program for the period by P68.2 billion or 7.0 percent. This is brought mainly by subsidy to GOCCs which surpassed the program by P83.2 billion or 199.8 percent as the government fast track the release of cash grants under the UCT Program and implementation of the NHIP of the PHIC; and infrastructure and other capital expenditures which were P33.3 billion or 16.5 percent more than the program following the acceleration of infrastructure activities of the DPWH and other capital outlay projects of various agencies.

Meanwhile, personnel services fell short of the P256.1 program by P13.5 billion or 5.3 percent mainly due to program balances for the Performance-Based Bonus (PBB) and creation/filling of positions under the Miscellaneous Personnel Benefits Fund (MPBF). To date, the validation of accomplishments of National Government Agencies to determine if they are entitled to the PBB is still ongoing. A new and key criterion for the grant of 2018 PBB pertains to the compliance to streamlining and process improvements consistent with the objectives of the Ease of Doing Business Law.

Less productive expenditures were also lower compared to the program. Savings on interest payments amounted to P23.8 billion or 17.3 percent of the program brought largely by the combined impact of bond maturities, discounts, reissuances of fixed-rate treasury bonds at a premium, and exchange rate fluctuations. Meanwhile, net lending was below the program by P21.6 billion or 115.5 percent owing to repayments made by the Light Rail Transit Authority (LRTA), National Electrification Administration (NEA) and the National Development Company (NDC); as well as the timing of actual availments of GOCCs which took place mostly in the second quarter.

*For the period January to September 2019*

**Table 4. NG Disbursements for the Period January to September, 2018 and 2019**

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to September						
	2018 Actual	2019		Variance		Increase/(Decrease)	
		Program <sup>1/</sup>	Actual	Amt	%	Amt	%
CURRENT OPERATING EXP.	1,780.8	1,938.8	1,950.0	11.2	0.6	169.2	9.5
Personnel Services	684.4	767.8	745.9	(21.9)	(2.9)	61.5	9.0
MOOE	370.8	402.0	391.5	(10.6)	(2.6)	20.7	5.6
Subsidy	124.8	91.0	151.5	60.5	66.5	26.7	21.4
Allotment to LGUs	315.5	350.2	345.3	(4.9)	(1.4)	29.9	9.5
IP	271.3	317.8	293.7	(24.0)	(7.6)	22.4	8.3
TEF	14.0	9.9	22.1	12.1	121.9	8.1	57.8
CAPITAL OUTLAYS	702.1	723.5	661.0	(62.5)	(8.6)	(41.1)	(5.9)
Infra and Other CO	570.8	594.5	546.3	(48.3)	(8.1)	(24.5)	(4.3)
Equity	3.8	1.0	1.7	0.7	75.2	(2.2)	(56.3)
Capital Transfers to LGUs	127.5	128.0	113.0	(14.9)	(11.7)	(14.5)	(11.3)
NET LENDING	6.8	22.2	15.9	(6.3)	(28.4)	9.1	132.7
<b>TOTAL</b>	<b>2,489.7</b>	<b>2,684.5</b>	<b>2,626.9</b>	<b>(57.6)</b>	<b>(2.1)</b>	<b>137.2</b>	<b>5.5</b>

<sup>1/</sup> Preliminary and subject to updating. The quarterly targets are initially based on seasonality pending the availability of the revised DBM-evaluated MDP (FY 2019 GAA level).

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 is mainly due to the sizeable subsidies provided to government corporations (P151.5 billion, 21.4 percent y-o-y) for the implementation of the UCT Program through the LBP, 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.

### *Actual vs Program Disbursements*

The strong performance in the third quarter narrowed the spending gap from 125.8 billion (7.3 percent) in the first semester to P57.6 billion or 2.1 percent as of September 2019. Although the cumulative spending for the first three quarters was higher than the comparable level a year ago, it remained below the P2,684.5 billion target largely due to lower-than-programmed disbursements for personnel services, MOOE, infrastructure and other capital outlays, and transfers to LGUs. A large portion of the underspending was accumulated in the first semester particularly for infrastructure expenditures which stemmed from the delays brought by the late passage of the FY 2019 GAA and the restrictions imposed during the election ban.

- Despite being behind the target by P48.3 billion or 8.1 percent, infrastructure and other capital outlays recovered from the P81.5 billion or 20.8 percent underspending recorded in the previous semester. Bulk of the program balance for said expense item pertains to some big-ticket projects of the DPWH and DOTr, and banner programs of the DND (AFP Modernization Program), Department of Health (DOH; Health Facilities Enhancement Program), and the Philippine National Police (PNP; Capability Enhancement Program). Late submission or lack of documentary requirements such as the List of Due and Demandable Accounts Payable (LDDAP), ongoing submission of progress billings, and longer time for procurement due to limited number of interested bidders were cited as additional reasons for the delay in utilization of cash allocations programmed for the period.
- Personnel services were short of the P767.8 billion program by P21.9 billion or 2.9 percent mainly on account of the program balances from the MPBF and PGF.
- Maintenance spending was lower than program by P10.6 billion or 2.6 percent partly due to late submission of billing requests by State Universities and Colleges (SUCs) for the payment of scholarships and other grants under the UAQTE. Low utilization was also observed in the allocation for public health commodities of the DOH due to procurement concerns such as inability of local suppliers to provide the required quantity of drugs, and distribution problems brought about by lack of storage facilities at point of service. Moreover, some P6.4 billion for Social Pension for Indigent Senior Citizens Program of the DSWD remained unobligated as the validation of beneficiaries is still ongoing. The department's Supplementary Feeding Program (P2.4 billion program balance), likewise, encountered implementation delays due to the ongoing procurement of goods by the DSWD offices for distribution to the intended beneficiaries. This resulted from the change of policy, where previously, funds were downloaded to LGUs to implement the program.
- Combined allotment and capital transfers to LGUs were also lower than program by P19.8 billion or 13.1 percent due to minimal releases from special shares of LGUs in the proceeds of national taxes. Releases are subject to submission of requests by the entitled LGUs to the DBM.

## Outlook for the Rest of the Year

For the last quarter of the year, only P171.1 billion or just 4.7 percent of the P3,661.6 billion appropriation program for 2019 remains to be released, composed largely of some P142.9 billion agency specific budgets and P118.3 billion worth of Special Purpose Funds (SPFs). This practically means that almost all of the FY 2019 Budget was already with the implementing agencies as of end-September 2019, paving the way for faster program/project implementation and sustaining the spending momentum this fourth quarter.

The DBM issued Circular Letter No. 2019-12 on October 10, 2019 reminding the line agencies that the deadline for submissions of agency requests for release of additional funds requiring the issuance of allotment and cash allocations is on November 15, 2019. This will ensure that funds will be utilized before the end of the year to help boost disbursement performance and buttress economic growth.

Based on the trend of the recent Q3 disbursement performance, spending may likely post modest growth in October before peaking again in December. This due to the line agencies' tendency to be more aggressive towards the end of the year, ahead of agency closing of books and lapsing of cash allocations.

It is worthy to note that the disbursement commitment of the two main infrastructure agencies, the DPWH and the DOTr, will contribute a combined amount of around P357.0 billion in the fourth quarter of the year. This commitment was reaffirmed during the October 23, 2019 meeting of the Economic Development Cluster. The two departments have been undertaking measures to address right-of-way issues and speed up construction activities. With the said improvements, the DPWH will inaugurate several of its big-ticket infrastructure projects this year such as segments of Central Luzon Link Expressway (CLLEX), Cavite-Laguna Expressway, Tarlac-Pangasinan-La Union Expressway (TPLEX), and the Flood Risk Management Project for Cagayan River.

These are expected to propel government spending this quarter with completion and/or partial completion of infrastructure works and corresponding progress billings. These factors indicate that the full year spending target of P3.770 trillion<sup>2</sup> will likely be achieved this year.

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<sup>2</sup> Erratum. Amount stated in the earlier version was P3.774 trillion. This was corrected to P3.770 trillion consistent with the FY 2020 BESF.