

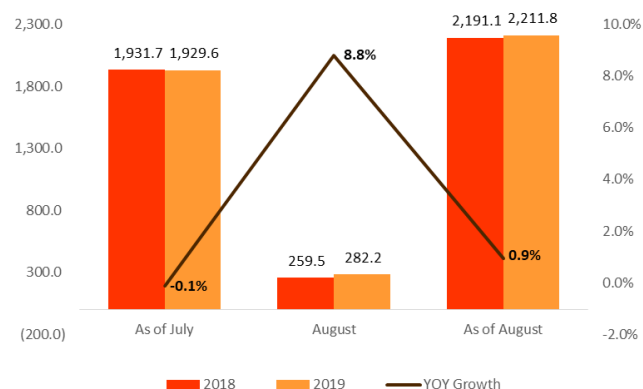
## NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE AS OF AUGUST 2019

National Government disbursements reached P282.2 billion in August 2019, increasing by 8.8 percent year-on-year. This positive growth rate buoyed government spending for the first eight months by 0.9 percent to reach P2,211.8 billion, improving from the 0.1 percent contraction recorded as of end-July 2019.

NCA disbursements drove government spending in August 2019 with P247.1 billion, up by P28.9 billion or 13.2 percent year-on-year largely due to higher subsidy to government corporations. Meanwhile, Non-NCA disbursements partly offset the said increase with P35.1 billion, down by P6.1 billion or 14.8 percent largely due to lower interest payments.

Year-to-date, NCA disbursements reached P1,809.2 billion, up by P2.4 billion or 0.1 percent, while Non-NCA disbursements amounted to P402.6 billion, higher by P18.2 billion or 4.7 percent year-on-year.

**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 July				August				As of August			
	2018	2019	Inc/(Dec)		2018	2019	Inc/(Dec)		2018	2019	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	1,588.5	1,562.1	(26.4)	(1.7)	218.3	247.1	28.9	13.2	1,806.7	1,809.2	2.4	0.1
<i>% of Eff. NCA</i>	<i>94.5%</i>	<i>92.5%</i>			<i>89.5%</i>	<i>89.1%</i>			<i>93.9%</i>	<i>92.1%</i>		
Non-NCA	343.2	367.5	24.3	7.1	41.2	35.1	(6.1)	(14.8)	384.4	402.6	18.2	4.7
<b>TOTAL</b>	<b>1,931.7</b>	<b>1,929.6</b>	<b>(2.1)</b>	<b>(0.1)</b>	<b>259.5</b>	<b>282.2</b>	<b>22.8</b>	<b>8.8</b>	<b>2,191.1</b>	<b>2,211.8</b>	<b>20.7</b>	<b>0.9</b>
<b>Memo Item</b>												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
	As of July				August				As of August			
	2018	1,680.3			2018	243.9			2018	1,924.2		
	2019	1,687.8			2019	277.5			2019	1,965.3		
<b>Allotment Releases</b>												
As of August 2018		3,497.9	92.9% of the P3,767.0 billion obligation program									
As of August 2019		3,345.4	91.4% of the P3,661.6 billion obligation program <sup>1</sup>									
<small><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</small>												

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

### Allotment Releases

As of end-August 2019, total allotment releases reached P3,345.4 billion, representing 91.4 percent of the P3,661.6 billion obligation program for the year. Of this amount, some P82.6 billion<sup>1</sup> was released in August alone, composed largely of the following allotments: i) Universal Access to Quality Tertiary Education (UAQTE) Program of the Commission on Higher Education (CHED) – P15.4 billion; ii) capital outlay releases to the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) – P10.1 billion; and iii) construction of sports facilities in the National Government Administrative Center under the Bases Conversion and Development Authority (BCDA) – P9.5 billion.

<sup>1</sup> Based on SARO Listing for the period August 1 to 31, 2019. Generated from the DBM eBudget System.

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

For the Month of August 2019

National Government spending for the month of August 2019 stood at P282.2 billion, surpassing the P259.5 billion outturn for the same month last year by P22.8 billion or 8.8 percent. Disbursements continued to accelerate since July 2019, recovering from the contraction recorded in the previous months. Net of interest payments and net lending, growth of disbursements in August is even faster at 13.7 percent. The expansion was driven by higher disbursements in the following expense items:

- Subsidy to government corporations reached P31.8 billion, reflecting an increment of P26.8 billion year-on-year. The robust growth is primarily attributed to the payment of health insurance premiums of indigent beneficiaries enrolled in the National Health Insurance Program (NHIP) and non-PhilHealth members assessed as financially incapable to pay for hospital care at the point of admission – P27.7 billion, and releases to the Philippine Crop Insurance Corporation (PCIC) for the agricultural insurance of farmers and fisherfolk listed under the Registry System on Basic Sectors in Agriculture (RBSA) – P2.0 billion.
- Personnel services (PS) inched up by P1.6 billion or 2.2 percent to close at P74.4 billion on account of the impact of the 4<sup>th</sup> tranche implementation of salary increase of civilian personnel and second year implementation of the base pay increase of military and uniformed personnel (MUP). However, this rate of expansion is slower when compared to a year ago, as lower pension releases weighed down on the growth of PS expenditures.
- Maintenance expenditures topped last year's level by P2.9 billion or 8.7 percent to reach P36.0 billion largely due to the settlement of accounts payables for goods and services related to the preparatory activities for the May 2019 local and national elections. Other expenses which contributed to higher maintenance spending for the period include the Universal Access to Quality Tertiary Education of the CHED and TESDA, and the Normalization Program of the Office of the Presidential Advisor on the Peace Process (OPAPP) for the Bangsamoro (e.g. decommissioning of the MILF forces and weapons, disbandment of private armed groups, program for small arms and light weapons management, and detection and clearance of unexploded ordnances and landmines).
- Total transfers to LGUs (or combined allotment to LGUs and capital transfers to LGUs) amounted to P53.7 billion, expanding by P7.2 billion or 15.4 percent on account of the higher share of LGUs in the proceeds of national taxes; and releases from the Local Government Support Fund (LGSF) for the Conditional Matching Grant to Provinces (CMGP) for road and bridge repair, rehabilitation and improvement (P4.9 billion), and the Sagana at Ligtas na Tubig para sa lahat (SALINTUBIG) for provision of potable water supply (P0.5 billion).
- Tax expenditures totaled to P4.1 billion, outpacing the previous year's performance by P1.9 billion with the payment of custom duties for rice importation of the National Food Authority (P3.5 billion).

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

Expenditure Class	August			
	2018	2019	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	176.5	204.3	27.8	15.8
Personnel Services	72.8	74.4	1.6	2.2
MOOE	33.1	36.0	2.9	8.7
Subsidy	5.0	31.8	26.8	531.5
Allotment to LGUs	34.9	38.4	3.4	9.8
IP	28.3	19.6	(8.7)	(30.7)
TEF	2.3	4.1	1.9	82.4
CAPITAL OUTLAYS	79.9	74.7	(5.2)	(6.5)
Infra and Other CO	68.4	59.3	(9.0)	(13.2)
Equity	0.0	0.1	0.1	1,333.3
Capital Transfers to LGUs	11.6	15.3	3.7	32.3
NET LENDING	3.1	3.2	0.1	4.2
<b>TOTAL</b>	<b>259.5</b>	<b>282.2</b>	<b>22.8</b>	<b>8.8</b>

On the other hand, infrastructure and capital outlays were lower by P9.0 billion year-on-year to end up at P59.3 billion due to the delays in the implementation of new projects which stemmed mainly from the late passage of the 2019 budget and the election ban. Interest payments also declined by P8.7 billion year-on-year owing to the combined impact of bond maturities, discounts, and reissuances of fixed-rate treasury bills at a premium. As percent of total disbursements, interest payments, likewise, declined to 6.9 percent from 10.9 percent in August last year.

#### For the Period January to August 2019

Total NG disbursements as of end-August 2019 grew by 0.9 percent or P20.7 billion year-on-year to reach P2,211.8 billion. The uptick is credited to higher PS expenditures (up by P49.4 billion or 8.2 percent), allotment to LGUs (up by P26.5 billion or 9.5 percent), net lending (up by P14.9 billion), and interest payments (up by P12.0 billion or 5.0 percent).

The recorded growth for the said expense items, however, was tempered by lower infrastructure and other capital outlays (down by P59.6 billion or 11.8 percent), capital transfers to LGUs (down by P23.9 billion or 20.7 percent), and subsidy (down by P8.5 billion or 8.0 percent) following the delays in the implementation of ongoing and new programs and projects because of the budget reenactment and election ban on public works.

**Table 3. NG Disbursements for the Period January to August, 2018 and 2019**  
(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to August			
	2018	2019	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	1,561.3	1,652.7	91.5	5.9
Personnel Services	603.9	653.3	49.4	8.2
MOOE	321.0	328.7	7.7	2.4
Subsidy	105.3	96.8	(8.5)	(8.0)
Allotment to LGUs	280.4	307.0	26.5	9.5
IP	238.7	250.6	12.0	5.0
TEF	12.0	16.3	4.3	36.0
CAPITAL OUTLAYS	624.1	538.4	(85.8)	(13.7)
Infra and Other CO	505.6	446.0	(59.6)	(11.8)
Equity	3.1	0.8	(2.3)	(73.2)
Capital Transfers to LGUs	115.5	91.6	(23.9)	(20.7)
NET LENDING	5.8	20.7	14.9	259.5
<b>TOTAL</b>	<b>2,191.1</b>	<b>2,211.8</b>	<b>20.7</b>	<b>0.9</b>

#### Outlook for the Rest of the Year

For the last four months of 2019, only P316.2 billion or 8.6 percent of the P3,661.6 billion obligation program for the year remains to be released. This is composed largely of some P178.5 billion agency specific budget and some P171.6 billion Special Purpose Funds (SPFs). The release of said balance is subject to submission of special budget request and pertinent supporting documents. Based on the preliminary report of allotment releases<sup>2</sup>, some P145.1 billion worth of allotments have been issued in September 2019. Some of the big-ticket releases, which could drive the growth of disbursements, include the P29.8 billion for the requirements of health insurance premiums of senior citizens enrolled in the National Health Insurance Program (NHIP) of the Philippine Health Insurance Corporation (PHIC); P18.0 billion for the Unconditional Cash Transfer (UCT) Program through the Land Bank of the Philippines (LBP) as conduit; and P13.3 billion for the payment of right-of-way requirements of the Department of Transportation (DOTr).

For September 2019, higher disbursements are expected as agencies utilize their remaining NCAs before they lapse at the end of the quarter, and as they try to catch up with their respective spending plans. Initial data from Modified Disbursement System - Government Servicing Banks (MDS-GSBs) indicate that disbursements<sup>3</sup> grew by about 40.0 percent year-on-year. This hopefully signals a faster rate of spending for the remaining months to keep up with the P3,774.0 billion target for the year.

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<sup>2</sup> Based on SARO listing for September 1-30, 2019, generated from the eBudget System on October 9, 2019.

<sup>3</sup> NCA disbursements which are budgetary accounts that are paid requiring the issuance of notices of cash allocation during the budget year in consideration. Composed largely of expenditures intended for the implementation of programs, activities, and projects and the operations of the government.