

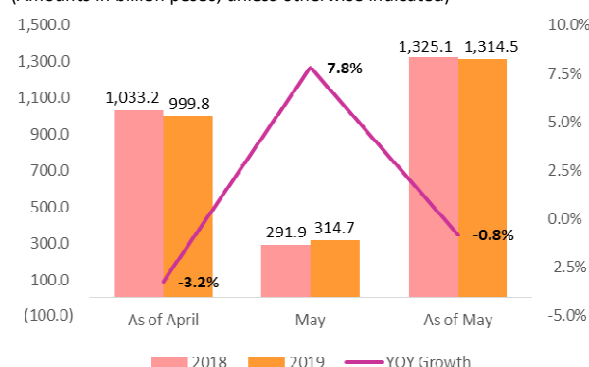
NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF MAY 2019

National Government disbursements for the month of May 2019 grew by 7.8 percent year-on-year to reach P314.7 billion. The increase is largely attributed to the implementation of the last tranche of the Compensation Adjustment of 2016¹ and the execution of new programs following the approval of the 2019 GAA in mid-April. With the 7.8 percent growth of spending posted in May, cumulative disbursements totaled to P1,314.5 billion, down by just 0.8 percent year-on-year. This compares to the 3.2 percent contraction recorded during the first four months of the year.

Figure 1. National Government Disbursements for the Period Indicated

(Amounts in billion pesos, unless otherwise indicated)



By use of disbursement authorities, Notice of Cash Allocation (NCA) expenditures in May this year reached P266.3 billion, higher by P6.1 billion or 2.3 percent year-on-year, and a reversal of the P37.3 billion or 16.5 percent contraction posted a month ago. Year-to-date NCA disbursements, thus, reached P1,045.3 billion, down from P1,071.9 billion. Although still lower year-on-year, the rate of decline was cut to P26.6 billion or 2.5 percent as of end-May 2019 from P32.7 billion or 4.0 percent as of end-April 2019.

Meanwhile, Non-NCA expenditures in May went up by P16.7 billion or 52.9 percent to reach P48.4 billion, mainly on account of constructive cash receipt payments² and higher net lending assistance to government corporations (*details are discussed under the year-on-year performance*). As of end-May 2019, Non-NCA expenditures amounted to P269.1 billion, P16.0 billion or 6.3 percent higher year-on-year.

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

(Amount in billion pesos, unless otherwise indicated)

Particulars	As of April				May				As of May			
	2018	2019	Inc/(Dec)		2018	2019	Inc/(Dec)		2018	2019	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	811.7	779.0	(32.7)	(4.0)	260.2	266.3	6.1	2.3	1,071.9	1,045.3	(26.6)	(2.5)
% of Eff. NCA	90.7%	91.2%			104.0%	95.7%			93.6%	92.3%		
Non-NCA	221.5	220.8	(0.7)	(0.3)	31.6	48.4	16.7	52.9	253.2	269.1	16.0	6.3
TOTAL	1,033.2	999.8	(33.4)	(3.2)	291.9	314.7	22.8	7.8	1,325.1	1,314.5	(10.6)	(0.8)
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
As of April					May				As of May			
		2018	894.5		2018	250.2			2018	1,144.6		
		2019	854.2		2019	278.2			2019	1,132.4		
Allotment Releases												
As of May 2018		3,332.8	88.5% of the P3,767.0 billion obligation program									
As of May 2019		2,993.0 ¹	81.7% of the P3,661.6 billion obligation program									

¹Includes 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

¹ Pursuant to E.O. No. 201, s.2016 as amended by E.O. No. 76, s.2019

² Direct payments made to suppliers by development partners for the implementation of Foreign-Assisted Projects.

Allotment Releases

Allotment releases as of end-May 2019 reached P2,993.0 billion or 81.7 percent of the P3,661.6 billion obligation program for the current year. Releases as of date were more than double the amount of allotment releases made as of end-April 2019 (P1,322.7 billion), following the issuance of National Budget Circular (NBC) No. 577 dated May 2, 2019 prescribing the guidelines on the release of funds for FY 2019 GAA.

Year-on-Year Performance, by Expense Class

For the Month of May 2019

Disbursements for the month of May 2019 reached P314.7 billion, surpassing the P291.9 billion spending for the same month last year by P22.8 billion or 7.8 percent. This is attributed to the growth in the following major expense items:

- Personnel services expanded by P10.9 billion or 10.2 percent on account of the implementation of the last tranche of the Compensation Adjustment of 2016 and payment of the mid-year bonus of government employees equivalent to one-month basic salary.
- Infrastructure and other capital outlays in May 2019 grew by P3.4 billion or 5.9 percent to reach P61.5 billion, rebounding from the 56.9 percent contraction in April. The increase is credited to disbursements for foreign-assisted infrastructure projects of the Department of Transportation (DOTr) and the Department of Public Works and Highways (DPWH), as well as for capital outlay (CO) projects under the Armed Forces of the Philippines (AFP) Modernization Program.
- Net lending significantly increased to P15.0 billion from P1.4 billion last year, largely on account of the P14.8 billion NG advances to the National Food Authority (NFA). The said advances are intended for the payment of NFA's outstanding obligations as part of its debt reduction plan with the expected winding down of its operations under R.A. 11203 or the Rice Liberalization Act.

Other expenditure items that contributed to the total growth of disbursements for the month include: i) allotment to LGUs, which increased by P2.8 billion (7.8 percent) as a result of higher share of LGUs from internal revenue taxes; ii) Tax Expenditure Fund (TEF) disbursements, which increased by P1.7 billion (298.8 percent) due to the availment of tax subsidy by the Philippine Deposit Insurance Corporation (PDIC) to cover additional value-added tax on assessment fees paid by banks; and iii) subsidy, which expanded by P1.4 billion (36.7 percent) owing to the payment for completed irrigation projects of the National Irrigation Administration (NIA).

The growth in the said expenditure items, however, was tempered by spending for maintenance and other operating expenses (MOOE) which declined by P7.4 billion or 14.1 percent year-on-year, mainly on account of the later release of the Conditional Cash Transfer (CCT) payouts. In the previous years, payouts were released in May. However, for this year, the payouts were scheduled in June following the delays in the budget approval.

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

Expenditure Class	May			
	2018	2019	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	220.5	228.5	8.0	3.6
Personnel Services	107.3	118.2	10.9	10.2
MOOE	52.2	44.8	(7.4)	(14.1)
Subsidy	3.8	5.2	1.4	36.7
Allotment to LGUs	35.6	38.4	2.8	7.8
IP	21.1	19.7	(1.4)	(6.8)
TEF	0.6	2.3	1.7	298.8
CAPITAL OUTLAYS	69.9	71.2	1.3	1.8
Infra and Other CO	58.1	61.5	3.4	5.9
Equity	0.0	0.1	0.1	111,767.3
Capital Transfers to LGUs	11.8	9.6	(2.2)	(18.9)
NET LENDING	1.4	15.0	13.6	959.7
TOTAL	291.9	314.7	22.8	7.8

For the Period January to May 2019

National Government spending as of end-May 2019 reached P1,314.5 billion, P10.6 billion or 0.8 percent lower than the level recorded for the same period last year. The weaker-than-expected rate of government spending for the period was attributed to the delay in the passage of the FY 2019 National Budget, and the election ban from March 29 to May 12, 2019.

Disbursements, however, are slowly recovering following a 7.8 percent growth in May 2019. For instance, PS expenditures grew by 7.7 percent as of end-May with the crediting of the salary increase and mid-year bonus vis-à-vis the 6.7 percent growth recorded as of end-April 2019. For infrastructure and other CO, and capital transfers to LGUs, while both declined by 4.6 percent and 34.0 percent, respectively, they improved from the 7.3 percent and 36.6 percent contraction recorded during the first four months of the year.

Meanwhile, subsidy decreased by P33.3 billion or 62.9 percent year-on-year due to the minimal releases for the requirements of health insurance premiums of senior citizens enrolled under the National Health Insurance Program of the Philippine Health Insurance Corporation (PHIC). Bulk of the requirements of the PHIC and other GOCCs are scheduled for release this second semester.

Outlook for the Rest of the Year

As of end-May 2019, the remaining balance from the P3,661.6 billion obligation program for this year amounts to P668.6 billion or 18.3 percent of the program. This consisted largely of unreleased allotments in Special Purpose Funds (P373.1 billion) and in agency-specific budget (P294.4 billion). Releases from these balances are subject to the submission of special budget request by agencies.

Based on preliminary data on allotment releases as of the fourth week of June, some P112.5 billion was released in June 2019. These included big-ticket releases for the following: i) programs and projects of the NIA - P25.0 billion; ii) pension adjustment under the Department of National Defense (DND) - P21.7 billion; and iii) second semester pension requirements of the Philippine National Police (PNP) - P16.3 billion.

The DBM has also begun processing the release of second semester cash allocations of agencies. These will be credited on the first working day of each month and are valid until the last working day of the 3rd month of the quarter covered, consistent with NBC No. 577³. This will facilitate budget execution and help agencies implement their catch-up plans for their respective programs, activities, and projects (PAPs), and will hopefully accelerate the pace of government spending by the second semester of this year.

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

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to May			
	2018	2019	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	959.8	974.2	14.3	1.5
Personnel Services	385.7	415.2	29.5	7.7
MOOE	196.6	187.2	(9.3)	(4.7)
Subsidy	53.0	19.7	(33.3)	(62.9)
Allotment to LGUs	175.6	191.8	16.2	9.2
IP	141.4	151.0	9.5	6.7
TEF	7.5	9.2	1.7	23.0
CAPITAL OUTLAYS	364.1	321.7	(42.4)	(11.6)
Infra and Other CO	280.8	267.9	(12.9)	(4.6)
Equity	2.0	0.2	(1.9)	(91.8)
Capital Transfers to LGUs	81.2	53.6	(27.6)	(34.0)
NET LENDING	1.2	18.6	17.4	1,458.7
TOTAL	1,325.1	1,314.5	(10.6)	(0.8)

Table 4. Program Balance, as of end-May 2019

(Amount in billion pesos, unless otherwise indicated)

Particulars	FY 2019 Program	Allotment Releases ¹	Balance	
			Amt	as % of Program
TOTAL	3,661.6	2,993.0	668.6	18.3
of which:				
DEPARTMENTS	2,153.8	1,859.4	294.4	13.7
SPECIAL PURPOSE FUNDS	436.3	63.2	373.1	85.5

¹ Include releases from Automatic Appropriations, other releases chargeable against Continuing Appropriations and Unprogrammed Appropriations, and Actual Obligations from the FY 2018 GAA, as reenacted.

³ NCAs for crediting to Regular MDS Sub-Accounts which include the requirements for agencies' regular operations, retirement gratuity/ terminal leave benefits, and accounts payables (A/Ps)