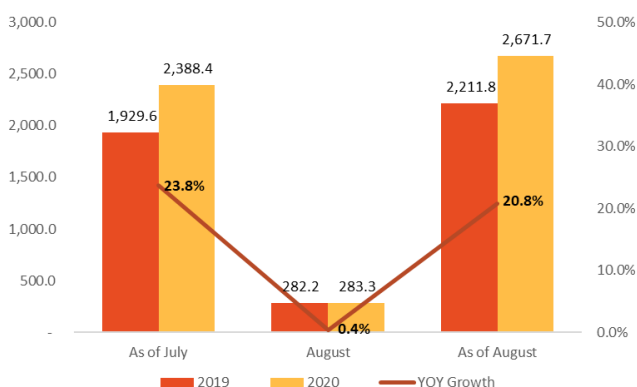


NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF AUGUST 2020

National Government spending for the month of August 2020 amounted to P283.3 billion, almost the same level as the previous year's P282.2 billion mainly attributed to the timing of subsidy releases to the Philippine Health Insurance Corporation (PHIC). Exclusive of said subsidy, disbursements for August posted 11.3 percent year-on-year growth, owing to higher maintenance and other operating expenses (MOOE) and allotment to LGUs. Year-to-date, disbursements reached P2,671.7 billion, P459.9 billion or 20.8 percent more than the last year's P2,211.8 billion largely on account of COVID-19-related expenditures.

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



For the month of August, NCA expenditures amounted to P241.5 billion, down by P5.7 billion or 2.3 percent year-on-year, as mentioned, due to the base effect of higher subsidy to GOCCs in August 2019. Non-NCA disbursements, on the other hand, went up by P6.7 billion or 19.2 percent from a year ago to reach P41.8 billion mainly due to higher interest payments. As of end-August 2020, NCA disbursements totaled P2,282.3 billion, up by P472.9 billion or 26.1 percent year-on-year, while Non-NCA disbursements amounted to P389.4 billion, down by P13.0 billion or 3.2 percent from the comparable period last year.

Table 1. Comparison of NCA and Non-NCA Disbursements, 2019-2020
(Amount in billion pesos, unless otherwise indicated)

Particulars	As of July				August				As of August			
	2019	2020	Inc/(Dec)		2019	2020	Inc/(Dec)		2019	2020	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	1,562.2	2,040.8	478.6	30.6	247.1	241.5	(5.7)	(2.3)	1,809.4	2,282.3	472.9	26.1
% of Eff. NCA	92.6%	91.9%			88.5%	89.7%			92.0%	91.7%		
Non-NCA	367.3	347.6	(19.7)	(5.4)	35.1	41.8	6.7	19.2	402.5	389.4	(13.0)	(3.2)
TOTAL	1,929.6	2,388.4	458.8	23.8	282.2	283.3	1.1	0.4	2,211.8	2,671.7	459.9	20.8
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
As of July				August				As of August				
		2019	1,687.8			2019	279.1			2019	1,966.9	
		2020	2,220.8			2020	269.1			2020	2,490.0	
Allotment Releases												
As of August 2019		3,345.4	91.4% of the P3,661.6 billion obligation program									
As of August 2020		3,923.7	95.7% of the P4,100.0 billion obligation program									

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

Allotment Releases

As of August 31, 2020, allotment releases reached P3,923.7 billion, equivalent to 95.7 percent of the P4,100.0 billion obligation program for the year. Meanwhile, releases for the month of August 2020 amounted to P68.6 billion¹, consisted largely of the following allotments: i) various capital outlays under the Department of Public Works and Highways (DPWH) which were classified as *For Later Release* (FLR) or those that require compliance with certain documentary requirements/approvals

¹ Based on SARO Listing for the period August 1 to 31, 2020. Generated from the DBM eBudget System.

from other authorities – P38.3 billion; ii) additional releases for the Human Resources for Health (HRH) under the Department of Health (DOH) – P5.6 billion; and iii) Revised AFP Modernization Program of the Department of National Defense (DND) – P1.6 billion.

Year-on-Year Performance, by Expense Class

For the Month of August 2020

Disbursements for the month of August 2020 amounted to P283.3 billion, P1.1 billion or 0.4 percent more than the previous year's level. Among the expenditure items that posted positive growth rates to drive spending are the following:

- Maintenance spending soared to P58.2 billion, up by P22.2 billion or 61.8 percent owing to the ongoing implementation of the second tranche of the Social Amelioration Program (SAP) of the Department of Social Welfare and Development (DSWD), as well as the procurement of various medical supplies, and consumables, and hiring of additional job orders² under the Human Resource for Health Program of the Department of Health (DOH) in response to the COVID-19 crisis.
- Combined allotment and capital transfers to LGUs expanded by P10.5 billion or 19.6 percent year-on-year to reach P64.2 billion as a result of higher IRA of LGUs from the proceeds of internal revenue collections, and the annual block grant to the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) pursuant to R.A No. 11054 or the Bangsamoro Organic Law.
- Personnel services amounted to P78.5 billion, increasing by P4.1 billion or 5.5 percent from the same period last year with the implementation of the second tranche of R.A. No. 11466 or the Salary Standardization Law of 2019.
- Similarly, debt-related expenditures and tax subsidies grew year-on-year. In particular, interest payments went up by P2.9 billion (15.0 percent) mainly due to coupon payment for the 3-year Retail Treasury Bonds (RTBs) issued in February 2020 and other issuances this year, while net lending increased by P1.5 billion (47.3 percent) following the advances to the National Food Authority, and tax expenditures by P1.7 billion (40.9 percent) due to the Documentary Stamp Taxes for government-issued securities.

The said increases, however, were partially offset by lower subsidy support to GOCCs, and infrastructure and other capital outlays. Subsidies were lower by P26.8 billion or 84.3 percent year-on-year due to the timing of releases to the PHIC, where some P27.7 billion was released in August last year for the health insurance premiums of indigent beneficiaries enrolled in the National Health Insurance Program (NHIP). On the other hand, releases to PHIC already amounted to P30.3 billion from January to August this year. Infrastructure and other capital outlays were also lower than the previous year's level by P15.1 billion or 25.4 percent owing mainly from the unintended delays in construction activities as a result of the rainy season and the implementation of the two-week Modified Enhanced Community Quarantine (MECQ) in the National Capital Region (NCR) and nearby regions.

Table 2. NG Disbursements for the Month of August, 2019 and 2020
(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	August			
	2019	2020	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	204.3	217.6	13.3	6.5
Personnel Services	74.4	78.5	4.1	5.5
MOOE	36.0	58.2	22.2	61.8
Subsidy	31.8	5.0	(26.8)	(84.3)
Allotment to LGUs	38.4	47.5	9.1	23.8
IP	19.6	22.5	2.9	15.0
TEF	4.1	5.8	1.7	40.9
CAPITAL OUTLAYS	74.7	61.0	(13.7)	(18.4)
Infra and Other CO	59.3	44.3	(15.1)	(25.4)
Equity	0.1	0.0	(0.1)	(77.9)
Capital Transfers to LGUs	15.3	16.7	1.4	9.2
NET LENDING	3.2	4.7	1.5	47.3
TOTAL	282.2	283.3	1.1	0.4

² Requirements for the hiring of job orders are classified under MOOE.

For the Period January to August 2020

Total NG disbursements as of end-August 2020 grew by P459.9 billion or 20.8 percent to reach P2,671.7 billion. Spending for the period grew substantially due to higher maintenance spending and subsidy support to government corporations mainly for the COVID-19 measures, and allotment and capital transfers to LGUs as a result of the one-time COVID-19 *Bayanihan* Grant to the Provinces, Cities, and Municipalities, higher shares of LGUs, and the releases for the annual block grant to the BARMM.

The recorded growth for the said expense items, however, was slightly tempered by lower infrastructure and other capital outlays, and net lending. Infrastructure spending was lower year-on-year due to the payment of prior years' accounts payables in the same period last year, and the moderated implementation of construction activities as a result of the lockdowns and restrictions brought about by the pandemic. Meanwhile, net lending was down from the same period last year mainly because of the conversion of NG advances into subsidy.

Outlook for the Rest of the Year

For the remaining period of 2020, the balance from the P4,100.0 billion obligation program for the year amounts to P176.3 billion³ or just 4.3 percent of the program based on the allotment releases report as of end-August 2020. This is composed largely of the unreleased agency specific budget and Special Purpose Funds (SPFs) which are subject to the submission of special budget requests and pertinent supporting documents by the concerned agency.

Further releases are expected in the coming months. For instance, based on the preliminary report of allotment releases for the period September 1 to 30, 2020⁴, some P147.8 billion worth of allotments have been issued in September. These include the following big-ticket releases, which could drive the growth of disbursements for the rest of the year: P97.3 billion for the capital outlays under the DPWH; P11.4 billion and P2.9 billion for the Universal Access to Quality Tertiary Education (UAQTE) Program of the Commission on Higher Education (CHED) and the Technical Education and Skills Development Authority (TESDA), respectively; and P4.7 billion and P3.6 billion for the fourth quarter pension requirements of the DND and the PNP, respectively.

Maintenance expenditures, specifically for health and social-related will remain as the key drivers of spending growth for the succeeding months with the passage of RA No. 11494 or the *Bayanihan* to Recover as One Act (*Bayanihan* II) on September 11, 2020. Meanwhile, infrastructure and other capital outlays will likely remain muted with the discontinuance of some capital outlay projects which can no longer be implemented nor completed due to the pandemic pursuant to RA No. 11469 or the *Bayanihan* to Heal as One Act. Construction works have also been slowed down by the lockdowns for most of the second quarter, the restrictions following health and safety protocols, as well as the weather conditions in various parts of the country. Nonetheless, both the Department of Public Works and Highways (DPWH) and Department of Transportation (DOTr) remain committed to accelerate implementation and make most of the remaining months of the year to complete or partially complete priority projects.

Table 3. NG Disbursements for the Period January to August, 2019 and 2020
(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to August			
	2019	2020	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	1,652.7	2,183.5	530.8	32.1
Personnel Services	653.3	713.2	59.9	9.2
MOOE	328.7	569.7	241.0	73.3
Subsidy	96.8	192.5	95.7	98.8
Allotment to LGUs	307.0	422.4	115.4	37.6
IP	250.6	269.6	19.0	7.6
TEF	16.3	16.1	(0.2)	(1.4)
CAPITAL OUTLAYS	538.4	513.4	(24.9)	(4.6)
Infra and Other CO	445.9	394.5	(51.4)	(11.5)
Equity	0.8	0.8	(0.0)	(2.6)
Capital Transfers to LGUs	91.6	118.1	26.5	28.9
NET LENDING	20.7	(25.2)	(45.9)	(221.9)
TOTAL	2,211.8	2,671.7	459.9	20.8

³ Net of FY 2019 Continuing Appropriations, Unprogrammed Appropriations, and other Automatic Appropriations

⁴ Based on SARO Listing for the period September 1 to 30, 2020. Generated from the DBM eBudget System.