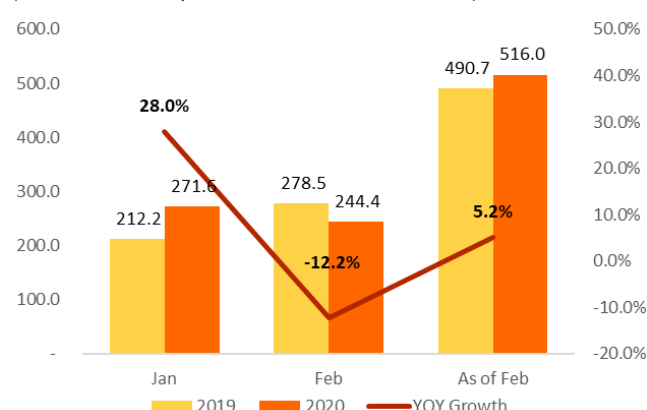


NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF FEBRUARY 2020

National Government (NG) disbursements for the first two months of 2020 amounted to P516.0 billion, up by 5.2 percent or 25.4 billion from the same period last year mainly due to higher allotment to LGUs and personnel services (PS) expenditures. Meanwhile, spending for the month of February 2020 stood at P244.4 billion, down by 12.2 percent or P34.0 billion year-on-year attributed largely to the base effect of the Internal Revenue Allotment (IRA) of LGUs for January 2019 which was released in February last year, as well as lower interest payments. Net of the two expense items, disbursements for the month of February grew by 11.2 percent year-on-year.

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



In terms of composition of disbursement authorities, NCA disbursements as of February 2020 reached P354.8 billion, up by P3.7 billion or 1.0 percent year-on-year. The minimal increase resulted mainly from lower settlement of prior years' accounts payables this year which partially offset the growth recorded in PS expenditures, allotment to LGUs, and subsidy contributions to GOCCs.

On the other hand, Non-NCA disbursements for the first two months of the year amounted to P161.2 billion, increasing by P21.7 billion or 15.5 percent from the previous year's level on account of higher interest payments and encashment of check floats. The latter are payments for which checks have been issued in the previous year but were only presented for encashment in the current year. These are not part of the current year's NCA releases since their corresponding disbursement authorities have already been issued in the previous year.

Table 1. Comparison of NCA and Non-NCA Disbursements, 2019-2020

(Amount in billion pesos, unless otherwise indicated)

Particulars	January				February				As of February			
	2019	2020	Inc/(Dec)		2019	2020	Inc/(Dec)		2019	2020	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	111.7	143.3	31.7	28.4	239.5	211.4	(28.0)	(11.7)	351.1	354.8	3.7	1.0
% of Eff. NCA	52.0%	74.5%			107.5%	95.0%			80.2%	85.5%		
Non-NCA	100.5	128.2	27.7	27.6	39.0	33.0	(6.0)	(15.4)	139.5	161.2	21.7	15.5
TOTAL	212.2	271.6	59.4	28.0	278.5	244.4	(34.0)	(12.2)	490.7	516.0	25.4	5.2
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
	January				February				As of February			
	2019	214.9			2019	222.7			2019	437.6		
	2020	192.4			2020	222.5			2020	414.9		
Allotment Releases												
As of February 2019		484.6	13.2% of the P3,661.6 billion obligation program									
As of February 2020		3,172.5	77.4% of the P4,100.0 billion obligation program									

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

Allotment Releases

As of February 29, 2020, allotment releases reached P3,172.5 billion, equivalent to 77.4 percent of the P4,100.0 billion obligation program for the year. This is significantly higher when compared to the P484.6 billion allotment releases for the same period last year due to the reenactment of the 2018

Budget wherein only the amounts corresponding to the agency's actual requirements under their regular budget for the first quarter of 2019 were released. Aside from the P1,826.2 billion worth of allotments comprehensively released under the GAA-As-An-Allotment-Order policy thru NBC No. 578 dated January 6, 2020, some of the big-ticket releases for specific programs/projects the two-month period consisted of the following allotments¹: i) operating subsidy to the National Irrigation Authority (NIA) – P34.0 billion; ii) first quarter pension requirements of the Armed Forces of the Philippines (AFP) – P13.8 billion and the Philippine National Police (PNP) – P10.8 billion; and iv) conversion of NG advances into subsidy for the Light Rail Transit Authority (LRTA) – P10.3 billion.

Year-on-Year Performance, January to February 2020

Disbursements as of end-February 2020 reached P516.0 billion, growing by P25.4 billion or 5.2 percent year-on-year. Spending for the period expanded on account of the following items:

- Personnel services reached P145.7 billion, up by P10.3 billion or 7.6 percent from the same period last year owing largely to the adjustment in pension of the uniformed personnel under the Philippine National Police (PNP), and increase in the number of filled positions as a result of the annual creation of 10,000 uniformed personnel positions in the agency; as well as the payment for prior year claims of benefits/allowances under the Department of National Defense (DND).

Table 2. NG Disbursements, As of February 2020

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to February			
	2019	2020	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	348.8	393.0	44.3	12.7
Personnel Services	135.4	145.7	10.3	7.6
MOOE	59.3	61.4	2.0	3.4
Subsidy	3.6	10.5	6.9	194.2
Allotment to LGUs	76.7	97.0	20.3	26.4
IP	71.2	76.8	5.5	7.8
TEF	2.6	1.7	(0.9)	(33.9)
CAPITAL OUTLAYS	139.0	119.2	(19.9)	(14.3)
Infra and Other CO	118.4	93.9	(24.5)	(20.7)
Equity	0.0	-	(0.0)	(100.0)
Capital Transfers to LGUs	20.6	25.3	4.7	22.8
NET LENDING	2.8	3.8	1.0	34.3
TOTAL	490.7	516.0	25.4	5.2

- Subsidy to government corporations amounted to P10.5 billion, P6.9 billion more than last year's P3.6 billion mainly due to the local *palay* procurement under the Buffer Stocking Program of the National Food Authority (P3.0 billion); and the construction, restoration, repair and improvement of national and communal irrigation systems of the National Irrigation Administration (P5.9 billion).
- Allotment and capital transfers to Local Government Units (LGUs), likewise, grew by P25.0 billion or 25.7 percent year-on-year due to higher shares of LGUs in the proceeds of national taxes, the release of the block grant² to the Bangsamoro Autonomous Region pursuant to RA No. 11054 or the *Bangsamoro Organic Law*, and releases from the Local Government Support Fund (LGSF) particularly under the Financial Assistance to LGUs. The latter includes assistance to LGUs intended for indigent individuals and families (e.g. medical, transportation, food, cash for work), purchase of multipurpose vehicles, and construction of multipurpose buildings/halls, drainage canals, among others.

The increases recorded in the said expense items, however, were partially offset by lower infrastructure and other capital outlays which amounted to P93.9 billion, down by P24.5 billion or 20.7 percent from the previous year. The decrease is mainly attributed to the base effect of high infrastructure expenditures in the same period last year brought about by the payment of prior years'

¹ Based on SARO Listing for the period January 1, 2020 to February 29, 2020. Generated from the DBM eBudget System.

² The annual block grant is equivalent to 5.0 percent of the net National Internal Revenue Tax (NIRT) collection of the Bureau of Internal Revenue (BIR) and the net collection of the Bureau of Customs (BOC) in the last three fiscal years.

accounts payable (PY APs) for completed projects of the Department of Public Works and Highways (DPWH). PY APs of the DPWH for its capital outlays for the first two months of 2020 amounted to P35.2 billion, down from the P82.2 billion recorded for the same period last year.³ This decline was partly offset by the increase in the DPWH current year accounts payable (nearly P13.0 billion year-on-year), payments for completed projects under the Revised AFP Modernization Program of the DND, and encashment of check floats.

Outlook for the Rest of the Year

As of end-February 2020, the remaining program balance amounts to P927.5 billion or 22.6 percent of the total P4,100.0 billion obligation program for the year. The release of said program balances is subject to requests from agencies, and the submission of corresponding documentary requirements. While disbursements for March, and consequently the first quarter of this year, will be higher year-on-year, spending will likely be lower than the program with the temporary delays in program/project implementation as a result of the imposition of the Enhanced Community Quarantine (ECQ) due to the Coronavirus Diseases 2019 (COVID-19) pandemic.

However, it must be noted that with the enactment of RA No. 11469 or the *Bayanihan to Heal as One Act* on March 24, 2020, existing programs, activities, and projects (PAPs) of the government will be reprioritized, reprogrammed, and realigned to the extent possible to augment the provision for priority health and social protection-related programs and other measures intended to contain the COVID-19 emergency and mitigate its impact to the economy. Consequently, disbursements for the next few months are expected to increase with the purchase of medical supplies and equipment of the DOH for the COVID-19 response, release of cash subsidies to families and sectors affected by the ECQ such as the DSWD's Social Amelioration Program (SAP), DOLE's COVID-19 Adjustment Measures Program (CAMP), and the one time grant of financial assistance to LGUs equivalent to one month of their IRA. Meanwhile, spending for rest of the year will continue to be driven largely by the implementation of COVID-19 related PAPs, as well as other measures or strategies identified and recommended by the Inter-Agency Taskforce for Emerging Infectious Diseases (IATF-EID) Technical Working Group on Anticipatory and Forward Planning (TWG-AFP) on how to move forward with the "New Normal" situation given the pandemic.

³Based on the Financial Accountability Report No. 4 of the DPWH for the months of January and February 2019 and 2020.