

NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF MARCH 2020

National Government (NG) disbursements for the first quarter of 2020 reached P849.2 billion, up by P71.2 billion or 9.2 percent year-on-year at the back of a strong spending performance for the month of March which amounted to P333.2 billion. The outlay for March was P45.9 billion or 16.0 percent higher from a year ago, largely due to higher personnel services (PS) expenditures, subsidy support to GOCCs, and allotment to LGUs.

NCA disbursements amounted to P291.0 billion in March 2020, increasing by P51.5

billion or 21.5 percent year-on-year owing to expansion recorded in operating expenditures. On the other hand, Non-NCA disbursements was down to P42.3 billion from P47.9 billion in March last year on account of lower net lending assistance to GOCCs. Year-to-date, NCA disbursements reached P645.8 billion, up by P55.2 billion or 9.3 percent, while Non-NCA disbursements amounted to P203.5 billion, higher by P16.0 billion or 8.6 percent year-on-year.

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

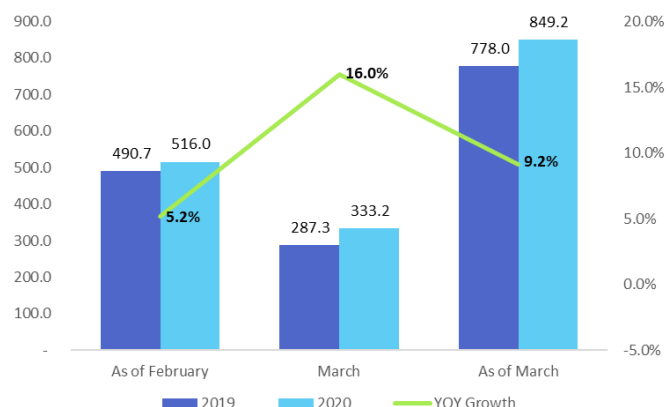


Table 1. Comparison of NCA and Non-NCA Disbursements, 2019-2020

(Amount in billion pesos, unless otherwise indicated)

Particulars	As of February				March				As of March			
	2019	2020	Inc/(Dec)		2019	2020	Inc/(Dec)		2019	2020	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	351.1	354.8	3.7	1.0	239.4	291.0	51.5	21.5	590.5	645.8	55.2	9.3
% of Eff. NCA	80.2%	85.5%			129.1%	123.4%			94.8%	99.2%		
Non-NCA	139.5	161.2	21.7	15.5	47.9	42.3	(5.7)	(11.8)	187.4	203.5	16.0	8.6
TOTAL	490.7	516.0	25.4	5.2	287.3	333.2	45.9	16.0	778.0	849.2	71.2	9.2
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
As of February				March				As of March				
		2019	437.6			2019	185.5			2019	623.0	
		2020	414.9			2020	235.8			2020	650.7	
Allotment Releases												
As of March 2019		500.9	13.7% of the P3,661.6 billion obligation program									
As of March 2020		3,216.3	78.4% of the P4,100.0 billion obligation program ¹									

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

Allotment Releases

As of end-March 2020, allotment releases totalled to P3,216.3 billion, representing 78.4 percent of the P4,100.0 billion obligation program for the year. Specifically for the month of March 2020, allotment releases amounted to P43.9 billion, which is composed largely of the following big-ticket items: i) releases for the conversion of NG advances into subsidy for the National Electrification Administration (NEA) – P10.9 billion; ii) second quarter pension requirements of the Philippine National Police (PNP) - P10.8 billion; and iii) releases to the Basic Education Facilities Fund (BEFF) of the Department of Education (DepEd) – P4.8 billion.

Year-on-Year Performance, by Expense Class

For the Month of March 2020

Disbursements for the month of March this year reached P333.2 billion, posting a 16.0 percent annual growth rate from last year's level brought about by the increases recorded in the following expense items:

- PS amounted to P95.3 billion, up by P12.5 billion or 15.2 percent largely on account of the implementation of the first tranche of the salary increase of civilian personnel in the National Government by virtue of R.A. No. 11466 or the Salary Standardization Law of 2019. The said increase was retroactive from January 1, 2020 consistent with the effectivity provision of the law. Likewise, increase in the number of filled positions in the PNP and activation of units in the DND contributed to higher PS disbursements.
- Maintenance expenditures expanded by P5.8 billion or 12.1 percent on account of the school operating expenditures of the Department of Education and to the health programs of the Department of Health, specifically the measures to contain the Coronavirus Disease 2019 (COVID-19).
- Subsidy to government-owned and -controlled corporations (GOCCs) significantly increased to P25.7 billion compared to only P5.7 billion for the same period in 2019 due to the releases made to the National Electrification Administration (P10.4 billion) and the Light Rail Transit Authority or LRTA (P11.0 billion). The released amounts to the two corporations also include the conversion of NG advances into subsidy. The conversion is treated as subsidy, and likewise recorded as repayment of the previous net lending assistance provided by the NG.
- Allotment to LGUs grew by P11.3 billion or 29.5 percent to reach P49.7 billion as a result of the releases for the annual block grant to the Bangsamoro Autonomous Region in Muslim Mindanao (BARM) pursuant to R.A. No. 11054 or the *Bangsamoro Organic Law*; larger Internal Revenue Allotment; and higher releases from special shares of LGUs in the proceeds of national taxes, and from the Local Government Support Fund (LGSF) particularly for Financial Assistance to LGUs.
- Interest payments went up by P6.6 billion or 18.0 percent from P36.6 billion last year as a result of coupon payments for 5-year retail treasury bonds issued in 2019, and the timing of payment for 25-year Fixed Rate Treasury Bonds (FXTBs).
- Infrastructure and other capital expenditures totalled to P62.2 billion, inching up by P2.5 billion or 4.1 percent from the level a year ago with the payment of right-of-way acquisitions for the LRT Cavite Extension and the Metro Manila Subway Project of the DOTr, as well as higher constructive cash receipt payments¹. The increase in capital expenditures was dampened by lower DPWH disbursements following the unintended delays in the implementation of some infrastructure projects due to restrictions imposed during the Luzon-wide Enhanced Community Quarantine (ECQ) starting in early March this year to control the spread of COVID-19.

Table 2. NG Disbursements for the Month of March, 2019 and 2020

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	March			
	2019	2020	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	213.1	268.1	55.0	25.8
Personnel Services	82.8	95.3	12.5	15.2
MOOE	48.2	54.0	5.8	12.1
Subsidy	5.7	25.7	19.9	347.1
Allotment to LGUs	38.4	49.7	11.3	29.5
IP	36.6	43.1	6.6	18.0
TEF	1.4	0.3	(1.1)	(80.6)
CAPITAL OUTLAYS	73.6	77.9	4.3	5.8
Infra and Other CO	59.7	62.2	2.5	4.1
Equity	0.0	-	(0.0)	(100.0)
Capital Transfers to LGUs	13.8	15.7	1.8	13.4
NET LENDING	0.7	(12.7)	(13.4)	(1,922.2)
TOTAL	287.3	333.2	45.9	16.0

¹ Direct payments made to suppliers by development partners for the implementation of Foreign-Assisted Projects.

The expansion recorded in the said expense items, however, was partly tempered by lower net lending, which declined by P13.4 billion year-on-year resulting from the conversion of NG advances into subsidy for the NEA and LRTA as discussed earlier.

For the Period January to March 2020

National Government spending for the first three months of 2020 reached P849.2 billion, P71.2 billion or 9.2 percent more than the level from last year's comparable period.

PS expenditures climbed to P241.0 billion from P218.2 billion a year ago due to the the salary increase of civilian government personnel, as well as the releases for pension of military and uniformed personnel (MUP) and the increase in the number of filled positions in PNP and DND. Meanwhile, subsidy to GOCCs nearly quadrupled reaching P36.2 billion from P9.3 billion in 2019 on account of the conversion of NG advances into subsidy, the Buffer Stocking Program of the NFA, and payments for the communal and national irrigation projects of the NIA. Combined allotment and capital transfers to LGUs also increased by P31.6 billion or 27.4 percent on account of higher share of LGUs from internal revenue collections, the release of the block grant to the BARMM, and the LGSF.

On the other hand, infrastructure and other capital outlays, and net lending declined from last year's outturn. Infrastructure and other capital outlays were down to P156.1 billion or P22.1 billion lower year-on-year which 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' accounts payables, and the temporary suspension of construction activities due to the ECQ. Meanwhile, as mentioned earlier, net lending was lower by P12.4 billion from a year ago following the conversion of NG advances into subsidy.

Table 3. NG Disbursements for the Period January to March, 2019 and 2020

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to March						
	2019 Actual	2020		Variance		Increase/(Decrease)	
		Program ^{1/}	Actual	Amt	%	Amt	%
CURRENT OPERATING EXP.	561.9	748.7	661.1	(87.6)	(11.7)	99.2	17.7
Personnel Services	218.2	285.1	241.0	(44.1)	(15.5)	22.9	10.5
MOOE	107.5	160.1	115.4	(44.7)	(27.9)	7.9	7.3
Subsidy	9.3	18.0	36.2	18.2	100.9	26.8	288.6
Allotment to LGUs	115.1	144.8	146.7	1.9	1.3	31.6	27.4
IP	107.8	138.8	119.9	(18.9)	(13.6)	12.1	11.2
TEF	4.0	2.1	2.0	(0.1)	(3.9)	(2.0)	(50.6)
CAPITAL OUTLAYS	212.6	237.7	197.0	(40.7)	(17.1)	(15.6)	(7.3)
Infra and Other CO	178.1	191.1	156.1	(35.0)	(18.3)	(22.1)	(12.4)
Equity	0.0	1.1	-	(1.1)	(100.0)	(0.0)	(100.0)
Capital Transfers to LGUs	34.4	45.5	40.9	(4.5)	(10.0)	6.5	19.0
NET LENDING	3.5	6.6	(8.9)	(15.5)	(234.4)	(12.4)	(351.1)
TOTAL	778.0	993.0	849.2	(143.8)	(14.5)	71.2	9.2

^{1/} FY 2020 Quarterly Fiscal Program Approved by the DBCC on March 27, 2020.

Actual vs Program Disbursements

When compared to the preliminary disbursement program for the first quarter, spending was behind the P993.0 billion target by P143.8 billion or 14.5 percent largely due to the following expense items:

- PS disbursements slid below the program for the period by P44.1 billion or 15.5 percent due to minimal releases from PS lumpsum funds (i.e., Miscellaneous Personnel Benefits Fund, Pension and Gratuity Fund), and the ongoing creation/filing of positions in various agencies which may have been affected by the ECQ.
- Maintenance and other operating expenditures were lower by P44.7 billion or 27.9 percent of the P160.1 billion program primarily with the late/incomplete submission of documentary requirements to support release of funds/processing of payments. Similarly, the implementation of some social programs of the DSWD were delayed during the ECQ. For instance, there was lower availment of financial assistance under the Protective Services Program as this needs physical presence of beneficiaries, while DSWD offices were also operating with skeletal workforce during the community quarantine period.
- Infrastructure and other capital outlays was below the P191.1 billion program by P35.0 billion or 18.3 percent resulting mainly from the combined effects of the delays experienced during the ECQ, pending submissions of budget requests and documentary requirements for the release of For Later Release (FLR) capital outlays, as well as the late/incomplete submission of documentary requirements to facilitate release of funds/payments.
- Less productive expenditures were, likewise, lower when compared to program, interest payments by P18.9 billion, and net lending by P15.5 billion.

Outlook for the Rest of the Year

As of end-March 2020, the program balance from the P4.1 trillion obligation program amounts to P883.7 billion or 21.6 percent. Releases from the remaining program are expected to be substantially higher this second quarter to cover the requirements of COVID-19 health and recovery measures of the government which will be funded from realignments and savings pursuant to RA No. 11469 or the *Bayanihan to Heal as One Act* enacted on March 24, 2020. Preliminary report as of April 27, 2020² shows that total allotment releases for the said programs already amounted to P350.4 billion, of which:

- P196.0 billion funding requirements of the Social Amelioration Program (SAP);
- P51.0 billion support for the Small Business Wage Subsidy Program (SBWSP);
- P37.0 billion for LGUs from the *Bayanihan* Grant to Provinces, Cities, and Municipalities; and
- P45.7 billion additional funding requirements of various health programs of the DOH.

These expenditures are seen to significantly drive disbursements for the next quarter. However, other ongoing programs and infrastructure activities will continue to face unintended delays during the period but may gradually restart once the ECQ is lifted. The lower-than-programmed spending performance during the first three months of the year is, thus, expected to be offset in the second quarter with the reprioritization, reprogramming, and realignments of existing programs, activities, and projects (PAPs) of the government and measures to generate savings to finance COVID-19 emergency response pursuant to the *Bayanihan to Heal as One Act*.

² DBM. Accessible at <https://www.dbm.gov.ph/index.php/programs-projects/status-of-fy-2019-and-fy-2020-gaa>