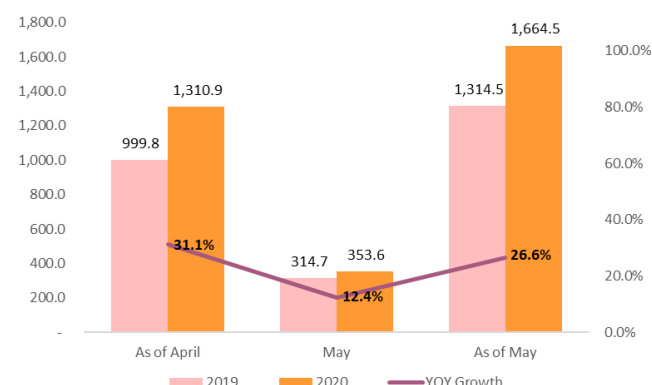


NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF MAY 2020

National Government spending grew by P39.0 billion or 12.4 percent in May 2020 to reach P353.6 billion, following the increases in subsidy to government corporations, and maintenance and other operating expenditures (MOOE) as the implementation of programs/projects to address the COVID-19 pandemic continued. This brings the total disbursements as of end-May 2020 to P1,664.5 billion, up by 26.6 percent from the same period last year.

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



Spending for the month of May was driven by Notice of Cash Allocation (NCA) expenditures, which grew by P54.2 billion or 20.4 percent year-on-year to reach P320.5 billion. NCA expenditures are composed largely of disbursements for operations, programs, and projects of the National Government (NG), as well as subsidies to GOCCs, and transfers to LGUs. Meanwhile, Non-NCA disbursements decreased by P15.3 billion or 31.6 percent from a year ago mainly due to lower net lending and interest payments.

Year-to-date, NCA disbursements amounted to P1,400.4 billion, up by P355.0 billion or 34.0 percent year-on-year. On the other hand, Non-NCA disbursements reached P264.2 billion, down by P5.0 billion or 1.9 percent from the comparable period last year. It can be noted, however, that NCA utilization (% of Effective NCA) was lower when compared to the previous year. This is attributed mainly to the delays in program/project implementation as a result of the imposition of the enhanced community quarantine (ECQ) in early March until May. Nevertheless, utilization of cash allocations is expected to improve with the gradual easing of restrictions, and as agencies usually speed up utilization in the third month of the quarter before the lapsing of NCAs.

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

| Particulars | As of April | | | | May | | | | As of May | | | |
|-----------------------------------------------------------------------|--------------|----------------|--------------------------------------------------|-------------|--------------|--------------|-------------|-------------|----------------|----------------|--------------|-------------|
| | 2019 | 2020 | Inc/(Dec) | | 2019 | 2020 | Inc/(Dec) | | 2019 | 2020 | Inc/(Dec) | |
| | | | Amt | % | | | Amt | % | | | Amt | % |
| NCA | 779.0 | 1,079.8 | 300.8 | 38.6 | 266.3 | 320.5 | 54.2 | 20.4 | 1,045.3 | 1,400.4 | 355.0 | 34.0 |
| % of Eff. NCA | 91.2% | 85.8% | | | 95.6% | 94.7% | | | 92.3% | 87.7% | | |
| Non-NCA | 220.8 | 231.1 | 10.3 | 4.7 | 48.4 | 33.1 | (15.3) | (31.6) | 269.1 | 264.2 | (5.0) | (1.9) |
| TOTAL | 999.8 | 1,310.9 | 311.1 | 31.1 | 314.7 | 353.6 | 39.0 | 12.4 | 1,314.5 | 1,664.5 | 350.1 | 26.6 |
| Memo Item | | | | | | | | | | | | |
| Effective NCAs issued net of Trust Liabilities, Gross of Working Fund | | | | | | | | | | | | |
| As of April | | | | | May | | | | As of May | | | |
| | | 2019 | 854.2 | | 2019 | 278.5 | | | 2019 | 1,132.7 | | |
| | | 2020 | 1,259.0 | | 2020 | 338.6 | | | 2020 | 1,597.6 | | |
| Allotment Releases | | | | | | | | | | | | |
| As of May 2019 | | 2,993.0 | 81.7% of the P3,661.6 billion obligation program | | | | | | | | | |
| As of May 2020 | | 3,736.0 | 91.1% of the P4,100.0 billion obligation program | | | | | | | | | |

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

Allotment Releases

As of May 31, 2020, allotment releases reached P3,736.0 billion, equivalent to 91.1 percent of the P4,100.0 billion obligation program for the year. Releases for the month of May amounted to P42.1

billion¹, consisted largely of the following allotments: i) Tertiary Education Subsidy for the 2nd semester, AY 2019-2020 of the Commission on Higher Education (CHED) – P13.1 billion; ii) Marawi Recovery, Rehabilitation, and Reconstruction Program for road infrastructure under the National Housing Authority – P2.3 billion; and iii) National ID System of the Philippine Statistics Authority – P2.0 billion.

Year-on-Year Performance, by Expense Class

For the Month of May 2020

Disbursements for the month of May 2020 totalled to P353.6 billion, P39.0 billion or 12.4 percent more than the previous year's outturn, resulting mainly from the expansion in the following expenditures:

- Subsidy to government corporations soared to P29.8 billion, up by nearly P25 billion, on account of the release for the second tranche of the Small Business Wage Subsidy (SBWS) Program under the Social Security System (SSS). The SBWS Program provided wage subsidies of between P5,000.00 to P8,000.00 for affected employees and owners of small businesses to help mitigate their loss of income and prevent closures due to the imposition of the ECQ in March earlier this year.
- Maintenance spending, likewise, climbed to P62.6 billion, exceeding the previous year's level by P17.8 billion or 39.8 percent owing to the payouts for the *Pantawid Pamilyang Pilipino Program* (4Ps) of the Department of Social Welfare and Development (DSWD), payment of prior year's accounts payables for the Universal Access to Quality Tertiary Education (UAQTE) of the CHED, as well as the continued implementation of COVID-19 emergency measures pursuant to R.A. No. 11469 or the *Bayanihan to Heal as One Act*. The latter measures include the Social Amelioration Program (SAP) of the DSWD, and the COVID-19 Adjustment Measures Program (CAMP) of the Department of Labor and Employment (DOLE), specifically the one-time financial assistance for displaced overseas Filipino workers (OFWs) due to the COVID-19 (DOLE-AKAP).
- Personnel services amounted to P131.7 billion, posting an increase of P13.5 billion or 11.5 percent from the same period last year largely due to the release of the mid-year bonus (equivalent to one-month basic salary) of government personnel, and the implementation of the first tranche of the salary increase of civilian personnel by virtue of R.A. No. 11466 or the Salary Standardization Law of 2019. The higher PS expense for the month is also attributed to the hiring of more health personnel of the Department of Health (DOH); and releases for service allowance of military and uniformed personnel and improved fill-up rates of positions in the Department of National Defense (DND).

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

(Amount in billion pesos, unless otherwise indicated)

| Expenditure Class | May | | | |
|---------------------------|--------------|--------------|---------------------|-------------|
| | 2019 | 2020 | Increase/(Decrease) | |
| | | | Amt | % |
| CURRENT OPERATING EXP. | 228.5 | 294.1 | 65.5 | 28.7 |
| Personnel Services | 118.2 | 131.7 | 13.5 | 11.5 |
| MOOE | 44.8 | 62.6 | 17.8 | 39.8 |
| Subsidy | 5.2 | 29.8 | 24.6 | 468.8 |
| Allotment to LGUs | 38.4 | 47.8 | 9.5 | 24.7 |
| IP | 19.7 | 18.4 | (1.3) | (6.7) |
| TEF | 2.3 | 3.8 | 1.5 | 63.9 |
| CAPITAL OUTLAYS | 71.2 | 54.0 | (17.2) | (24.2) |
| Infra and Other CO | 61.5 | 38.9 | (22.6) | (36.7) |
| Equity | 0.1 | 0.5 | 0.4 | 532.4 |
| Capital Transfers to LGUs | 9.6 | 14.5 | 5.0 | 51.7 |
| NET LENDING | 15.0 | 5.6 | (9.4) | (62.6) |
| TOTAL | 314.7 | 353.6 | 39.0 | 12.4 |

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

- Meanwhile, allotment and capital transfers to LGUs expanded by P14.4 billion or 30.1 percent year-on-year due to higher shares of LGUs in the proceeds of internal revenue collections, the annual block grant to the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), and releases from the Local Government Support Fund (LGSF), specifically for the Conditional Matching Grant to Provinces for Road and Bridge Rehabilitation, Upgrading, and Improvement Program.

On the other hand, infrastructure and other capital expenditures were lower by P22.6 billion or 36.7 percent year-on-year resulting from the stoppage of construction activities due to the extended implementation of the ECQ for most part of Luzon and key areas in the Visayas regions.

Net lending was also lower than the previous year's level by P9.4 billion or 62.6 percent as NG advances to the National Food Authority (NFA) amounted to P5.5 billion compared to P14.8 billion in May last year. This may be attributed to the timing of releases since some P5.1 billion was already provided in February, while subsequent advances are anticipated in the coming months. The NG's net lending assistance to NFA is intended for the payment of its outstanding obligations under a debt reduction plan with the winding down of its operations pursuant to R.A. No. 11203 or the Rice Liberalization Act.

For the Period January to May 2020

For the first five months of 2020, total NG disbursements clocked in at P1,664.5 billion, P350.1 billion or 26.6 percent more than the previous year's level. 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 higher shares of LGUs and the releases for the annual block grant to the BARMM.

However, the increase for the said expense items was slightly tempered by lower infrastructure and other capital outlays, and net lending. Infrastructure spending was lower year-on-year due 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, net lending was down from the same period last year mostly due to the conversion of NG advances into subsidy for the National Electrification Administration (NEA) and the Light Rail Transit Authority (LRTA) during the first quarter of 2020.

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

| Expenditure Class | January to May | | | |
|---------------------------|----------------|----------------|---------------------|-------------|
| | 2019 | 2020 | Increase/(Decrease) | |
| | | | Amt | % |
| CURRENT OPERATING EXP. | 974.2 | 1,364.5 | 390.4 | 40.1 |
| Personnel Services | 415.2 | 464.4 | 49.1 | 11.8 |
| MOOE | 187.2 | 354.6 | 167.3 | 89.4 |
| Subsidy | 19.7 | 100.4 | 80.7 | 410.6 |
| Allotment to LGUs | 191.8 | 279.3 | 87.5 | 45.6 |
| IP | 151.0 | 160.1 | 9.1 | 6.1 |
| TEF | 9.2 | 5.8 | (3.4) | (37.2) |
| CAPITAL OUTLAYS | 321.7 | 303.1 | (18.5) | (5.8) |
| Infra and Other CO | 267.9 | 235.2 | (32.8) | (12.2) |
| Equity | 0.2 | 0.5 | 0.3 | 182.7 |
| Capital Transfers to LGUs | 53.6 | 67.5 | 13.9 | 26.0 |
| NET LENDING | 18.6 | (3.1) | (21.8) | (116.8) |
| TOTAL | 1,314.5 | 1,664.5 | 350.1 | 26.6 |

Outlook for the Rest of the Year

As of end-May 2020, the remaining balance from the P4,100.0 billion obligation program for the year amounts to just P364.0 billion or 8.9 percent of the program. Releases are further expected in the coming months with submission of special budget requests from line agencies as they continue to undertake program/project implementation throughout the second semester of the year. For June 2020 alone, some P45.4 billion was released per preliminary report as of June 30, 2020², which

² Based on SARO Listing for the period June 1 to 30, 2020. Generated from the DBM eBudget System.

included the following big-ticket items: i) releases for the conversion of NG advances into subsidy for the NFA – P30.7 billion; ii) Emergency Repatriation Program of the Overseas Workers Welfare Administration (OWWA) – P5.0 billion; iii) releases for the Rice Competitiveness Enhancement Fund (RCEF) under the Philippine Rice Research Institute (PRRI) – P3.0 billion; and iv) Revised Armed Forces of the Philippines Modernization Program (RAFPMP) – P2.4 billion.

Maintenance expenditures, specifically health and social-related, remain to be the key drivers of spending growth for the succeeding months as the government continue to address the COVID-19 emergency. Meanwhile, infrastructure activities are ongoing as both the Department of Public Works and Highways (DPWH) and Department of Transportation (DOTr) remain committed to fast-track construction works despite the onset of the rainy season, especially in areas which have transitioned to General Community Quarantine (GCQ) and Modified GCQ such as in the Visayas, Mindanao, and most parts of Luzon.
