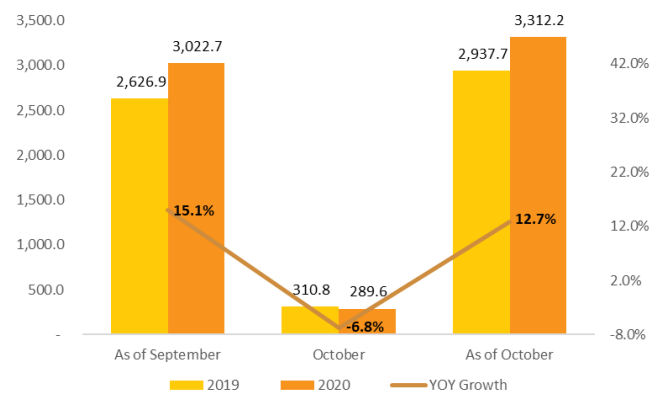


NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF OCTOBER 2020

National Government spending for the month of October 2020 amounted to P289.6 billion, slightly lower by 6.8 percent when compared to the P310.8 billion outturn for the same month last year. The decline is attributed mainly to the lower infrastructure and other capital outlays amid the impact of COVID-19 pandemic on the implementation of various capital outlay projects this year. Nonetheless, the ten-month cumulative disbursements have reached P3,312.2 billion, expanding significantly by P374.5 billion or 12.7 percent year-on-year owing largely to the government's COVID-19 measures.

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



For the month of October 2020, NCA expenditures amounted to P258.0 billion, down by P19.7 billion or 7.1 percent year-on-year, as mentioned, mainly due to lower infrastructure spending. Similarly, Non-NCA disbursements decreased by P1.6 billion or 4.7 percent from a year ago to reach P31.6 billion. Year-to-date, NCA disbursements totaled P2,834.4 billion, up by P386.6 billion or 15.8 percent year-on-year, while Non-NCA disbursements amounted to P477.8 billion, down by P12.1 billion or 2.5 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 September				October				As of October			
	2019	2020	Inc/(Dec)		2019	2020	Inc/(Dec)		2019	2020	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	2,170.1	2,576.4	406.3	18.7	277.7	258.0	(19.7)	(7.1)	2,447.8	2,834.4	386.6	15.8
% of Eff. NCA	95.6%	94.5%			74.9%	82.1%			92.7%	93.2%		
Non-NCA	456.8	446.3	(10.5)	(2.3)	33.1	31.6	(1.6)	(4.7)	490.0	477.8	(12.1)	(2.5)
TOTAL	2,626.9	3,022.7	395.8	15.1	310.8	289.6	(21.2)	(6.8)	2,937.7	3,312.2	374.5	12.7
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
As of September					October				As of October			
		2019	2,270.0		2019	370.9			2019	2,640.9		
		2020	2,725.5		2020	314.2			2020	3,039.8		
Allotment Releases												
As of October 2019		3,542.3	96.7% of the P3,661.6 billion obligation program									
As of October 2020		4,155.1	101.3% of the P4,100.0 billion obligation program									

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

Allotment Releases

As of end-October 2020, allotment releases totaled to P4,155.1 billion, exceeding the P4,100.0 billion obligation program for the year by P55.1 billion resulting from the various releases from other special appropriations law (e.g., *Bayanihan* I and II), Continuing Appropriations, other Automatic Appropriations, and Unprogrammed Appropriations mainly to support the government's response towards the COVID-19 emergency. Meanwhile, releases for the month of October 2020 amounted to P83.6 billion¹, consisted largely of the *Bayanihan* II (RA No. 11494) allotments as follows:

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

DEPARTMENT/GOCC	PURPOSE	AMOUNT
DOLE	For the implementation of cash-for-work and Unemployment/ Separation Assistance under the <i>Bayanihan</i> II	P13.1 billion
DOTr	Includes funding for assistance to critically-impacted businesses; PUV service contracting; and development of bicycle lanes under the <i>Bayanihan</i> II	P9.5 billion
DA	Rice Resiliency Program under the <i>Bayanihan</i> II	P9.0 billion
SBC	Capital Infusion under the <i>Bayanihan</i> II	P8.1 billion
DSWD	Financing of Assistance to Individuals in Crisis Situations (AICS) and Sustainable Livelihood Program (SLP) under the <i>Bayanihan</i> II	P6.0 billion
	SLP - for later release	P2.5 billion
PNP	Pension deficiency	P8.5 billion
	Nov 2020 pension requirements	P3.6 billion
DND	Revised AFP Modernization Program	P7.1 billion
	Nov 2020 pension requirements	P4.7 billion

Year-on-Year Performance, by Expense Class

For the Month of October 2020

Disbursements for the month of October 2020 amounted to P289.6 billion, P21.2 billion or 6.8 percent less than the previous year's level on account of the following expenditure outturns:

- Infrastructure and other capital outlays amounted to P57.1 billion, down by P25.1 billion or 30.6 percent. Although an increase was recorded in the disbursements for capital outlay (CO) projects of the Department of National Defense (DND) under the Revised Armed Forces of the Philippines (AFP) Modernization Program, it only tempered the decline in infrastructure spending of the Department of Public Works and Highways (DPWH) and the Department of Transportation (DOTr). As noted earlier, the implementation of some government infrastructure projects has been hindered by various delays, especially during the imposition of community quarantine measures in the earlier part of the year to contain the further spread of the COVID-19 virus.
- Maintenance and other operating expenditures for the month of October closed at P55.3 billion, lower by P6.0 billion or 9.9 percent from a year ago. This is mainly accounted by the decline in the disbursements of the Commission on Higher Education (CHED) pending payments for the Free Higher Education (FHE) and Tertiary Education Subsidy (TES) Programs following the adjusted schedule of the opening of classes for this academic year. Nonetheless, increases were noted in the Department of Social Welfare and Development (DSWD) resulting from the continuing implementation of the Social Amelioration Program II (SAP) and other protection services programs, and in the case of the Department of Health (DOH) for the payment of salaries and benefits of employees hired under emergency hiring of health personnel² in response to the COVID-19 health emergency.

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

Expenditure Class	October			
	2019	2020	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	212.8	213.4	0.7	0.3
Personnel Services	83.4	80.6	(2.7)	(3.3)
MOOE	61.3	55.3	(6.0)	(9.9)
Subsidy	7.2	6.3	(0.9)	(12.8)
Allotment to LGUs	39.3	47.7	8.5	21.6
IP	20.7	22.1	1.3	6.5
TEF	0.9	1.4	0.6	68.3
CAPITAL OUTLAYS	96.9	76.5	(20.4)	(21.1)
Infra and Other CO	82.2	57.1	(25.1)	(30.6)
Equity	0.1	0.1	0.1	103.6
Capital Transfers to LGUs	14.6	19.3	4.7	32.2
NET LENDING	1.2	(0.3)	(1.5)	(127.2)
TOTAL	310.8	289.6	(21.2)	(6.8)

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

- Personnel services expenditures amounted to P80.6 billion, down by P2.7 billion or 3.3 percent year-on-year owing to the one-off expense for the pension differential³ of military and uniformed personnel (MUP) which was released in October 2019.

The decline in disbursements for the period, however, was partially offset by the increase in the combined allotment and capital transfers to LGUs (P47.7 billion and P19.3 billion), which expanded by P13.2 billion or 24.4 percent year-on-year to reach P67.0 billion. This was the result of higher IRA of LGUs from the proceeds of internal revenue collections; the annual block grant to the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) pursuant to R.A No. 11054 or the Bangsamoro Organic Law; and releases for the *Conditional Matching Grant for Road and Bridge Rehabilitation and Improvement* under the Local Government Support Fund (LGSF).

For the Period January to October 2020

For the period under review, NG disbursements totaled to P3,312.2 billion, surging by P374.5 billion or 12.7 percent from last year's comparable period. Spending grew mainly on account of higher maintenance spending and subsidy support to government corporations for the COVID-19 measures under R.A. No. 11469 or the *Bayanihan* to Heal as One Act (*Bayanihan* I). Allotment and capital transfers to LGUs also increased as a result of the one-time COVID-19 *Bayanihan* Grant to the Provinces, Cities, and Municipalities, higher internal revenue shares of LGUs, and the releases for the annual block grant to the BARMM.

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

Expenditure Class	January to October			
	2019	2020	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	2,168.3	2,673.7	505.3	23.3
Personnel Services	829.3	889.8	60.5	7.3
MOOE	452.8	701.2	248.4	54.9
Subsidy	164.3	205.9	41.6	25.3
Allotment to LGUs	384.6	520.6	136.0	35.4
IP	314.5	335.0	20.6	6.5
TEF	22.9	21.2	(1.7)	(7.6)
CAPITAL OUTLAYS	752.3	663.2	(89.0)	(11.8)
Infra and Other CO	622.9	508.5	(114.3)	(18.4)
Equity	1.7	1.5	(0.3)	(14.9)
Capital Transfers to LGUs	127.6	153.2	25.6	20.0
NET LENDING	17.1	(24.7)	(41.8)	(244.0)
TOTAL	2,937.7	3,312.2	374.5	12.7

The recorded growth for the said expense items, however, was moderated by lower infrastructure and other capital outlays, and net lending. Infrastructure spending was lower year-on-year (18.4 percent) to P508.5 billion owing mainly to the delays encountered in the implementation of public works and the discontinuance of some projects due to the COVID-19 pandemic. Meanwhile, net lending was down to minus P24.7 billion from P17.1 billion for same period last year. This is largely due to the conversion of NG advances into subsidy where previous net lending releases are treated as subsidy and at the same time recorded as repayments.

³ Pension differential for the period April to May 2019 pursuant to Joint Resolution No. 1, s.2018 dated January 1, 2018.

Outlook for the Rest of the Year

Based on the preliminary report of allotment releases covering November 1 to 30, 2020⁴, some P154.2 billion worth of allotments have been issued, which included the following big-ticket releases:

DEPARTMENT/GOCC	PURPOSE	AMOUNT
LBP	Subsidy for the Unconditional Cash Transfer Program (UCT)	P36.5 billion
DOH	Releases under the <i>Bayanihan</i> II	P20.6 billion
DOTr	Right- of-Way Acquisition	P9.0 billion
PHIC	Releases for the National Household Targeting System (NHTS), Point of Service (POS) Program, and Payapa at Masaganang Pamayanan (PAMANA) Program	P8.1 billion
DepEd	Releases under the <i>Bayanihan</i> II	P4.0 billion
	Salary Standardization Law (SSL) V	P1.3 billion
DA	Releases under the <i>Bayanihan</i> II	P3.9 billion
PNP	December 2020 pension requirements	P3.6 billion
DOLE	Releases under the <i>Bayanihan</i> II (TUPAD, CAMP)	P2.3 billion
DND	Revised AFP Modernization Program	P2.2 billion
TESDA	Releases under the <i>Bayanihan</i> II (TWSP)	P1.0 billion

Meanwhile, in terms of the *Bayanihan* II, releases have already reached P96.4 billion as of November 30, 2020.⁵ These are expected to push the NG disbursements close, if not attain the full year target, and narrow the recorded spending gap of P246.2 billion or 7.2 percent of the program for the period January to September 2020. This is especially true since, historically, spending tends to accelerate in the latter part of November to December as line agencies try to complete their programs and projects and settle payables before the year ends.

With the fiscal year 2020 about to conclude with just two months remaining, the implementation of the programs/measures under the *Bayanihan* II by the concerned implementing departments/agencies/corporations becomes more crucial to provide the much-needed government assistance to the public and other sectors greatly affected by the pandemic, restore public confidence, and aid in the country's overall economic recovery.

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

⁵ See report at <https://www.dbm.gov.ph/index.php/programs-projects/status-of-covid-19-releases#bayanihan-2>