

NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF JULY 2020

National Government (NG) disbursements reached P374.7 billion in July 2020, increasing by 10.4 percent year-on-year. The huge outlays for the said month were sustained by higher maintenance spending, combined allotment and capital transfers to LGUs, and interest payments. This pushed spending for the first seven months of the year to P2,388.4 billion, 23.8 percent more than the outturn for the same period last year.

By type of disbursement authorities utilized, NCA expenditures amounted to P301.4 billion in July 2020, increasing by P20.9 billion or 7.5 percent year-on-year. Similarly, Non-NCA disbursements grew by P14.4 billion or 24.4 percent from a year ago to reach P73.3 billion mainly due to higher interest payments and tax expenditure subsidy. Year-to-date, NCA disbursements summed up to P2,040.8 billion, up by P478.6 billion or 30.6 percent owing largely to the COVID-19 related expenditures/response; while Non-NCA disbursements amounted to P347.6 billion, down by P19.7 billion or 5.4 percent mainly due to lower net lending.

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

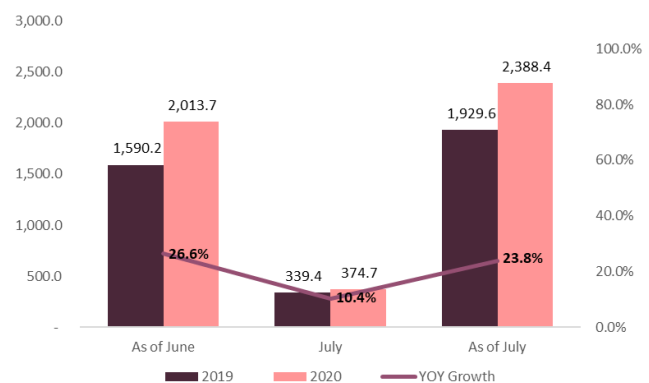


Table 1. Comparison of NCA and Non-NCA Disbursements, 2019-2020

(Amount in billion pesos, unless otherwise indicated)

Particulars	As of June				July				As of July			
	2019	2020	Inc/(Dec)		2019	2020	Inc/(Dec)		2019	2020	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	1,281.8	1,739.4	457.6	35.7	280.4	301.4	20.9	7.5	1,562.2	2,040.8	478.6	30.6
% of Eff. NCA	95.8%	93.5%			80.2%	83.5%			92.6%	91.9%		
Non-NCA	308.4	274.3	(34.1)	(11.1)	58.9	73.3	14.4	24.4	367.3	347.6	(19.7)	(5.4)
TOTAL	1,590.2	2,013.7	423.5	26.6	339.4	374.7	35.3	10.4	1,929.6	2,388.4	458.8	23.8
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
As of June				July				As of July				
2019		1,338.1		2019		349.7		2019		1,687.8		
2020		1,859.8		2020		360.9		2020		2,220.7		
Allotment Releases												
As of July 2019		3,262.8		89.1% of the P3,661.6 billion obligation program								
As of July 2020		3,855.1		94.0% of the P4,100.0 billion obligation program								

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

Allotment Releases

As of end-July 2020, allotment releases amounted to P3,855.1 billion, representing 94.0 percent of the P4,100.0 billion obligation program for the year. For the month of July 2020, allotment releases totalled to P45.7 billion¹, which is composed largely of funding requirements for the following big-ticket items: i) third quarter pension of the Department of National Defense (DND) – P13.8 billion; ii) Basic Education Facilities Fund (BEFF) for construction of new classrooms by the Department of Public Works and Highways (DPWH) – P12.7 billion; iii) third quarter pension of the Philippine National Police (PNP) – P10.8 billion; and iv) electrification and repair of school buildings of the Department of Education (DepEd) – P8.5 billion.

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

Year-on-Year Performance, by Expense Class

For the Month of July 2020

NG spending for the month of July 2020 amounted to P374.7 billion, up by P35.3 billion or 10.4 percent year-on-year mainly on account of higher maintenance and other operating expenditures, combined allotment and capital transfers to LGUs:

- Maintenance spending reached P98.5 billion, almost twice the P50.7 billion level in the previous year. The substantial increase is largely credited to the continuing implementation of the second tranche of the Social Amelioration Program (SAP) of the Department of Social Welfare and Development (DSWD), and payout for the *Pantawid Pamilyang Pilipino* Program (4Ps).
- Combined allotment and capital transfers to LGUs amounted to P67.1 billion, up by P17.9 billion or 36.4 percent year-on-year largely due to higher shares of LGUs from internal revenues 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 to Provinces (P2.8 billion) and Assistance to Municipalities (P2.1 billion) under the Local Government Support Fund (LGSF).
- Meanwhile, interest payments and tax expenditure subsidy reached P59.4 billion and P3.8 billion, respectively. Interest payments grew by P8.4 billion or 16.5 percent as a result of the interest paid in advance for Global Bonds for which the original schedule of payment fell on a weekend (i.e., August 1, 2020). Tax expenditure fund increased by P3.2 billion (532.3 percent) following the payment for the Documentary Stamp Tax (DST) of the NG's flotation of Government Securities and Agrarian Reform Bonds amounting to P3.7 billion for the period of March to May 2020.

On the other hand, infrastructure and capital outlays were lower by P22.9 billion year-on-year ending up at P52.3 billion mainly on account of the one-off expenditure in July last year with the advance payment made by the DND for the projects under the Revised AFP Modernization Program (RAFPMP). In addition, disbursements of the DPWH were lower year-on-year, largely attributed to the gradual implementation of public works amid health and safety protocols in place, as well as the inclement weather in some areas which slowed down infrastructure activities. Subsidy support to government corporations also declined by P20.4 billion or 53.2 percent year-on-year owing to the payout of P18.5 billion for the Unconditional Cash Transfer (UCT) in July 2019.

Meanwhile, personnel services expenditures were slightly down to P75.5 billion (-0.2 percent year-on-year), as the increase resulting from the implementation of the second tranche of R.A. No. 11466 or the Salary Standardization Law of 2019 was offset by the one-off payment for the pension differential of the military and uniformed personnel under the DND in July 2019.

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

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	July			
	2019	2020	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	254.5	302.9	48.4	19.0
Personnel Services	75.6	75.5	(0.1)	(0.2)
MOOE	50.7	98.5	47.8	94.2
Subsidy	38.3	17.9	(20.4)	(53.2)
Allotment to LGUs	38.4	47.8	9.5	24.6
IP	51.0	59.4	8.4	16.5
TEF	0.6	3.8	3.2	532.3
CAPITAL OUTLAYS	86.2	71.8	(14.4)	(16.7)
Infra and Other CO	75.2	52.3	(22.9)	(30.4)
Equity	0.2	0.2	0.1	42.3
Capital Transfers to LGUs	10.8	19.2	8.4	78.1
NET LENDING	(1.3)	0.0	1.3	(100.1)
TOTAL	339.4	374.7	35.3	10.4

For the Period January to July 2020

Year-to-date, total NG disbursements reached P2,388.4 billion, P458.8 billion or 23.8 percent more than the previous year's level. Spending for the period was attributed to higher maintenance expenditures and subsidy contribution to GOCCs, mainly for the implementation of COVID-19 measures such as the SAP of the DSWD, health expenditures and banner programs of the DOH, COVID-19 Adjustment Measures (CAMP) of the DOLE, and the Small Business Wage Subsidy Program (SBWSP) under the SSS.

Likewise, allotment and capital transfers to LGUs for the period, composed largely of the one-time COVID-19 *Bayanihan* Grant to the Provinces, Cities, and Municipalities, higher IRA of LGUs, and the releases for the annual block grant to the BARMM contributed to substantial increase in government spending.

However, the increase in the said expense items, was slightly weakened by lower disbursements in 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 public works due to the implementation of the Enhanced Community Quarantine (ECQ) measure in Luzon and other areas nationwide starting mid-March up to late May. Meanwhile, net lending was down from the same period last year mostly due to the conversion of NG advances into subsidy, whereas the conversion is treated as subsidy, and likewise recorded as repayment of the previous net lending assistance provided by the NG.

Outlook for the Rest of the Year

For the remaining months of the year, the program balance amounts to P244.9 billion² or just 6.0 percent of the P4,100.0 billion program for 2020 based on the report as of-end July 2020. This consists mainly of unreleased allotments in agency-specific budget (P265.7 billion) and in Special Purpose Funds (P212.9 billion), the release of which will be made upon submission of special budget request/s by the line agencies and other documentary requirements.

Based on preliminary allotment releases³ data as of end-August 2020, some P68.6 billion worth of allotments have been issued in August. Among the significant releases were the P38.3 billion capital outlays under the DPWH which were classified as *For Later Release* (FLR) or those that are subject to specific conditions and require compliance with certain documentary requirements/approvals from other authorities; P5.6 billion additional releases for the Human Resources for Health (HRH) under the Department of Health (DOH); and P1.6 billion for the Revised AFP Modernization Program of the DND.

Moving forward, the President has signed the *Bayanihan* II or the *Bayanihan* to Recover as One Act on September 11, 2020 appropriating funds amounting to P165.5 billion to augment the country's healthcare system and pandemic response while providing measures for swift economic recovery from the impact of the COVID-19. The enactment of the law paves the way for the immediate

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

Expenditure Class	January to July			
	2019	2020	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	1,448.4	1,965.9	517.5	35.7
Personnel Services	578.9	634.7	55.8	9.6
MOOE	292.7	511.5	218.8	74.7
Subsidy	65.0	187.5	122.5	188.5
Allotment to LGUs	268.6	374.9	106.3	39.6
IP	231.0	247.1	16.0	6.9
TEF	12.2	10.3	(1.9)	(15.8)
CAPITAL OUTLAYS	463.6	452.4	(11.2)	(2.4)
Infra and Other CO	386.6	350.3	(36.3)	(9.4)
Equity	0.7	0.8	0.0	6.1
Capital Transfers to LGUs	76.3	101.4	25.1	32.9
NET LENDING	17.5	(29.9)	(47.5)	(271.1)
TOTAL	1,929.6	2,388.4	458.8	23.8

² Net of FY 2019 Continuing Appropriations, Unprogrammed Appropriations, and other Automatic Appropriations

³ Based on SARO Listing for the period August 1 to 31, 2020. Generated from the DBM eBudget System.

implementation by the concerned line agencies of the programs, activities, and projects as provided in the measure, as follows:

Table 4. Recovery Measures under the *Bayanihan* II
(amount in billion pesos, unless otherwise indicated)

Particular	Regular Funds	Standby Funds	Total	Remarks
Health	21.0	10.0	31.0	Includes funding for: a. Hiring of human resources for health, provision of special risk allowance and hazard pay, among others; b. Procurement of PPEs; c. Construction of temporary medical isolation and quarantine facilities, field hospitals, dormitories, among others; and d. Implementation of COVID-19 expanded testing
Cash for Work/ Employment	18.0	0.0	18.0	For the implementation of cash-for-work programs (i.e. TUPAD ^{1/} , CAMP ^{2/} , DOLE-AKAP ^{3/}) and Unemployment/ Separation Assistance; and hiring of contact tracers
Social Assistance	6.0	0.0	6.0	Financing of DSWD programs including AICS ^{4/} and SLP ^{5/}
GFI Capital Infusion	39.5	15.5	55.0	Capital Infusion to PhilGuarantee, LBP, DBP, and SBCorp
Agriculture	24.0	0.0	24.0	Assistance to agriculture sector
Transportation	9.5	0.0	9.5	Includes funding for assistance to critically-impacted businesses; PUV service contracting; and development of bicycle lanes
Tourism	4.1	0.0	4.1	Assistance to tourism sector distributed through the Tourism Road Infrastructure of DPWH, as well as cash-for-work programs and unemployment assistance of DOLE; and funding for the training and subsidies for tourist guides
Education	7.9	0.0	7.9	Includes assistance to SUCs for development of smart campuses; subsidies and allowances to qualified students, and teaching and non-teaching personnel; and funding for the implementation of digital education
TESDA	1.0	0.0	1.0	Additional scholarship
Payment of Interest Rates of Loans	2.0	0.0	2.0	Payment by LBP and DBP of interest rates of loans secured by LGUs
Others	7.0	0.0	7.0	Includes construction and maintenance of isolation facilities; and assistance to LGUs under the Local Government Support Fund (LGSF)
TOTAL	140.0	25.5	165.5	

^{1/} Tulong Panghanapbuhay sa Ating Disadvantaged/Distressed (TUPAD) Workers Program

^{2/} COVID-19 Adjustment Measures Program (CAMP)

^{3/} DOLE-Abot Kamay ang Pagtulong (DOLE-AKAP)

^{4/} Assistance to Individuals in Crisis Situation (AICS)

^{5/} Sustainable Livelihood Program (SLP)