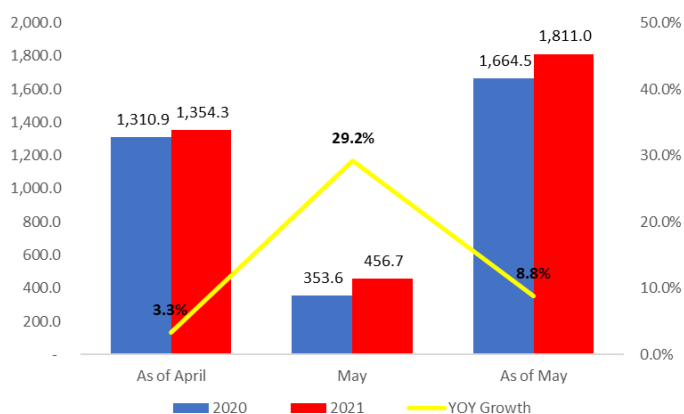


NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF MAY 2021

National Government (NG) disbursements for the month of May 2021 expanded by 29.2 percent year-on-year to reach P456.7 billion. It also surpassed the disbursements in April by 35.8 percent with the higher personnel services (PS) expenditures, maintenance spending and infrastructure and other capital outlays. This pushed the total disbursements for the first five months to P1,811.0 billion, P146.5 billion or 8.8 percent larger than the outturn for same period last year, driven mainly by the strong infrastructure spending.

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



NCA disbursements amounted to P404.0 billion in May, increasing by P83.4 billion or 26.0 percent year-on-year while non-NCA disbursements reached P52.8 billion, up by P19.7 billion or 59.5 percent from a year ago. Year-to-date, NCA disbursements reached P1,464.9 billion, P78.4 billion or 5.7 percent more than the previous year mostly due to higher expenditures for capital outlays, equity to GFIs for lending assistance/programs, and transfers to LGUs. On the other hand, non-NCA disbursements amounted to P346.1 billion, up by P68.1 billion or 24.5 percent year-on-year on account of higher interest payments, constructive receipts of cash payments¹, and the encashment of check floats.

Table 1. Comparison of NCA and Non-NCA Disbursements, 2020-2021

(Amount in billion pesos, unless otherwise indicated)

Particulars	As of April				May				As of May			
	2020	2021	Inc/(Dec)		2020	2021	Inc/(Dec)		2020	2021	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	1,065.9	1,060.9	(5.0)	(0.5)	320.5	404.0	83.4	26.0	1,386.5	1,464.9	78.4	5.7
<i>% of Eff. NCA</i>	<i>84.3%</i>	<i>87.5%</i>			<i>94.0%</i>	<i>96.8%</i>			<i>86.3%</i>	<i>89.9%</i>		
Non-NCA	244.9	293.4	48.4	19.8	33.1	52.8	19.7	59.5	278.0	346.1	68.1	24.5
TOTAL	1,310.9	1,354.3	43.4	3.3	353.6	456.7	103.1	29.2	1,664.5	1,811.0	146.5	8.8
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
	As of April				May				As of May			
	2020	2021			2020	2021			2020	2021		
		1,264.8				341.0				1,605.9		
		1,213.0				417.3				1,630.3		
Allotment Releases												
As of April 2020		3,736.0			91.1% of the P4,100.0 billion obligation program							
As of April 2021		3,737.2			82.9% of the P4,506.0 billion obligation program							

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

Allotment Releases

As of end-May 2021, allotment releases totaled to P3,737.2 billion, equivalent to 82.9 percent of the P4,506.0 billion obligation program for the year. In May 2021 alone, some P124.3 billion allotment was released, composed largely of the following big-ticket items: i) releases to the Philippine Health Insurance Corporation (PHIC) for the payment of health insurance premiums of senior citizens for FY 2021 – P36.5 billion; ii) procurement of COVID-19 vaccines under the Department of Health (DOH) – P20.0 billion; iii) second quarter pension requirements for military and uniformed personnel (MUP) of

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

the Department of National Defense (DND) – P14.1 billion; iv) Revised AFP Modernization Program (RAFPMP) of the DND – P11.6 billion; and v) repair and rehabilitation of school buildings under the Basic Educational Facilities Fund (BEFF) of the Department of Education (DepEd) – P4.7 billion.

Year-on-Year Performance, by Expense Class

For the Month of May 2021

NG spending for the month of May 2021 amounted to P456.7 billion, increasing by P103.1 billion or 29.2 percent from the previous year's level, on account of the following expenditure items:

- i. Infrastructure and other capital outlays surged to P78.9 billion, higher by P39.9 billion or more than twice the outturn last year. This is largely credited to the ongoing implementation of infrastructure projects of the Department of Public Works and Highways (DPWH) nationwide such as construction, repair and rehabilitation of access, by-pass, and diversion roads, bridges, and flood mitigation structures and drainage systems. In contrast to May last year, construction activities were barely conducted amid the extended implementation of the enhanced community quarantine for most part of Luzon and key areas in the Visayas regions. Similarly, payables in connection with the construction of the new senate building project contributed to the growth of infrastructure and other CO.
- ii. Subsidies to government corporations climbed to P44.7 billion, up by P14.9 billion or 50.0 percent mainly due to the P36.5 billion release to the PHIC for the payment of health insurance premiums of senior citizens.
- iii. Maintenance spending grew to P76.8 billion, P14.2 billion or 22.7 percent higher year-on-year, mainly on account of the following items:
 - i) payables under the Government Assistance to Students and Teachers in Private Education (GASTPE) Program of the DepEd;
 - ii) releases for the Universal Access to Quality Tertiary Education (UAQTE) under the Technical Education and Skills Development Authority (TESDA); and
 - iii) purchase of COVID-19 vaccines of the DOH.
- iv. Combined allotment and capital transfers to LGUs increased to P76.5 billion, P14.1 billion or 22.6 percent more than a year ago as a result of the higher IRA of LGUs, the annual block grant to the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), and the releases for the Local Government Support Fund (LGSF), particularly for Assistance to Disadvantaged Municipalities, and Support to the Barangay Development Program to the National Task Force to End Local Communist Armed Conflict (NTF-ELCAC).²

Table 2. NG Disbursements for the Month of May, 2020 and 2021

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	May			
	2020	2021	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	294.1	350.1	56.0	19.0
Personnel Services	131.7	143.0	11.3	8.6
MOOE	62.6	76.8	14.2	22.7
Subsidy	29.8	44.7	14.9	50.0
Allotment to LGUs	47.8	53.5	5.7	11.9
IP	18.4	28.9	10.6	57.6
TEF	3.8	3.1	(0.7)	(17.4)
CAPITAL OUTLAYS	54.0	101.8	47.9	88.7
Infra and Other CO	38.9	78.9	39.9	102.5
Equity	0.5	0.0	(0.5)	(96.2)
Capital Transfers to LGUs	14.5	23.0	8.4	57.8
NET LENDING	5.6	4.8	(0.8)	(14.1)
TOTAL	353.6	456.7	103.1	29.2

² Assistance to communist-cleared barangays as declared by the the NTF-ELCAC to support the construction/upgrading of local access roads/road openings in barangays, and construction/rehabilitation of water systems and barangay health centers.

- v. PS expenditures amounted to P143.0 billion, P11.3 billion or 8.6 percent higher than a year ago. The increase is credited mainly to the implementation of the second tranche of the Salary Standardization Law (SSL) V and the release of the mid-year bonus. Higher PS expense was also recorded in the DOH, the Department of the Interior and Local Government (DILG), and the Philippine Coast Guard (PCG) as a result of filling up of positions.
- vi. Meanwhile, interest payments increased to P28.9 billion, up by P10.6 billion or 57.6 percent from the previous year's level due to coupon payment for Retail Treasury Bonds issued in 2020, and the reissuances of Fixed Rate Treasury Bonds.

For the Period January to May 2021

NG disbursements for the first five months of the year registered at P1,811.0 billion, P146.5 billion or 8.8 percent more year-on-year. Spending for the period was fuelled by the following:

- i. higher infrastructure and other capital outlays resulting from the payments made for completed and partially completed infrastructure projects and ongoing construction activities of the DPWH;
- ii. equity with the release of capital infusion to GFIs under the *Bayanihan II*;
- iii. allotment and capital transfers to LGUs owing to the higher IRA of LGUs, releases for the annual block grant to the BARMM and LGSF;
- iv. PS expenditures mainly from the implementation of salary adjustment pursuant to SSL V

Table 3. NG Disbursements for the Period January to May, 2020 and 2021
(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to May			
	2020	2021	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	1,350.8	1,334.0	(16.8)	(1.2)
Personnel Services	464.4	483.6	19.2	4.1
MOOE	354.6	296.9	(57.7)	(16.3)
Subsidy	86.7	79.9	(6.7)	(7.7)
Allotment to LGUs	279.3	282.4	3.1	1.1
IP	160.1	178.6	18.5	11.5
TEF	5.8	12.5	6.7	116.6
CAPITAL OUTLAYS	303.1	470.5	167.4	55.2
Infra and Other CO	235.2	332.3	97.1	41.3
Equity	0.5	45.4	44.9	9,479.3
Capital Transfers to LGUs	67.5	92.9	25.4	37.6
NET LENDING	10.6	6.5	(4.1)	(38.6)
TOTAL	1,664.5	1,811.0	146.5	8.8
Memo item:				
Infrastructure Disbursements ^{1/}	300.5	421.5	121.1	40.3

^{1/} Include estimated NG infrastructure disbursements, and infrastructure components of subsidy and equity to GOCCs and transfers to LGUs.

Similarly, increases were also recorded in interest payments owing to the coupon payments for bonds issued in the previous year, and in tax expenditure subsidy due to the documentary stamp taxes on government securities.

However, the decline in maintenance spending, subsidy, and net lending tempered the expansion recorded in the previous items. Maintenance spending and subsidy were lower year-on-year due to the base effect of the one-time COVID-19 expenditures for the same period last year pursuant to R.A. No. 11469 or the *Bayanihan to Heal as One Act (Bayanihan I)*, such as the Social Amelioration Program (SAP) of the DSWD, and the Small Business Wage Subsidy (SBWS) Program under the Social Security System (SSS), respectively.

Meanwhile, net lending was lower year-on-year as a result of the Home Guarantee Corporation's (HGC) repayment of NG advances, and minimal availments made by other government corporations.

Outlook for the Rest of the Year

As of end-May 2021, the program balance amounts to P768.8 billion or 17.1 percent of the P4,506.0 billion obligation program for 2021. Based on allotment releases as of June 30, 2021³, some P95.7 billion was released during the said month which included the following big-ticket items:

- i. Free Higher Education (FHE) Program of the Commission on Higher Education (CHED) for the 2nd sem AY 2020-2021 and 1st sem AY 2021-2022 – P18.8 billion;
- ii. third quarter pension requirements for MUP of the DND – P14.1 billion;
- iii. special risk allowance for the health workers of the DOH – P9.0 billion;
- iv. supplemental budget for Emergency Repatriation Fund (ERF) & Workers Auxilliary Support Program of the Overseas Workers Welfare Administration (OWWA) – P5.2 billion;
- v. locally-funded airport projects of the Department of Transportation (DOTr) – P4.9 billion; and
- vi. Kapit-Bisig Laban sa Kahirapan - Comprehensive and Integrated Delivery of Social Services - National Community-Driven Development Program (KC-NCDDP) of the Department of Social Welfare and Development (DSWD) – P3.4 billion.

Relatedly, disbursements will continue to increase in June, albeit at a slower rate when compared to May mainly on account of the timing of payments by line agencies and subsidy releases to government corporations. Nonetheless, the strong spending performance for the current quarter, which is driven by infrastructure and other capital outlays and *Bayanihan* II expenditures, bodes well for the country's growth prospects.

Meanwhile, in preparation for the second semester, the DBM has already begun processing the comprehensive release of cash allocations of agencies for the period consistent with National Budget Circular No. 583 dated January 4, 2021 or the Guidelines on the Release of Funds for FY 2021. This should enable faster budget execution and aid line agencies in implementing their respective programs, activities, and projects (PAPs) to bolster the country's economic recovery for the remaining half of the year.

³ Based on SARO Listing for the period June 1 to 30, 2021. Generated from the DBM eBudget System.