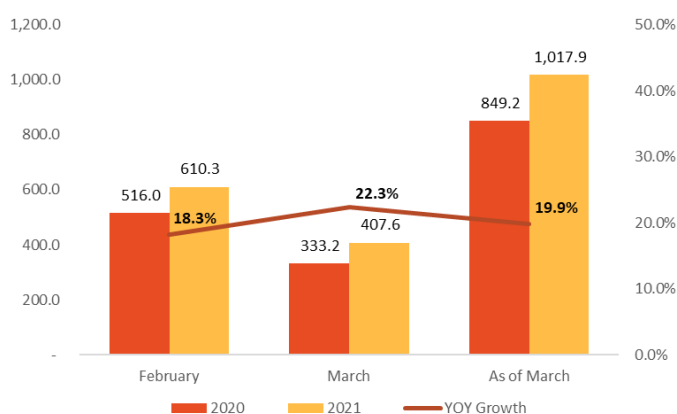


NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF MARCH 2021

National Government spending for the month of March 2021 jumped 22.3 percent year-on-year to reach P407.6 billion. It also eclipsed the disbursements in February by 21.5 percent with the larger maintenance spending and higher infrastructure and other capital outlays. This led to a robust first quarter disbursement performance, reaching P1,017.9 billion and up by P168.7 billion or nearly 20.0 percent from a year ago. The COVID-19 recovery measures and various infrastructure projects nationwide remain as the key drivers of spending growth for the period.

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



NCA disbursements amounted to P331.0 billion this March, increasing by P53.8 billion or 19.4 percent year-on-year while non-NCA disbursements reached P76.6 billion, up by P20.6 billion or 36.8 percent from a year ago. For the three-month period, NCA disbursements reached P762.1 billion, P130.3 billion or 20.6 percent more than last year's P631.9 billion owing mainly to the higher expenditures for social programs, capital outlays, and equity to GFIs for lending assistance/programs. On the other hand, non-NCA disbursements amounted to P255.8 billion, up P38.4 billion or 17.7 percent year-on-year on account of higher interest payments, net lending, and check floats or those checks issued last year but were only negotiated this year.

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

(Amount in billion pesos, unless otherwise indicated)

| Particulars | February | | | | March | | | | As of March | | | |
|---|--------------|--------------|--|-------------|--------------|--------------|-------------|-------------|--------------|----------------|--------------|-------------|
| | 2020 | 2021 | Inc/(Dec) | | 2020 | 2021 | Inc/(Dec) | | 2020 | 2021 | Inc/(Dec) | |
| | | | Amt | % | | | Amt | % | | | Amt | % |
| NCA | 354.6 | 431.1 | 76.5 | 21.6 | 277.2 | 331.0 | 53.8 | 19.4 | 631.9 | 762.1 | 130.3 | 20.6 |
| % of Eff. NCA | 85.5% | 81.3% | | | 115.8% | 115.1% | | | 96.6% | 93.2% | | |
| Non-NCA | 161.4 | 179.2 | 17.8 | 11.1 | 56.0 | 76.6 | 20.6 | 36.8 | 217.4 | 255.8 | 38.4 | 17.7 |
| TOTAL | 516.0 | 610.3 | 94.3 | 18.3 | 333.2 | 407.6 | 74.4 | 22.3 | 849.2 | 1,017.9 | 168.7 | 19.9 |
| Memo Item | | | | | | | | | | | | |
| Effective NCAs issued net of Trust Liabilities, Gross of Working Fund | | | | | | | | | | | | |
| | February | | | | March | | | | As of March | | | |
| | 2020 | 415.0 | | | 2020 | 239.5 | | | 2020 | 654.4 | | |
| | 2021 | 530.5 | | | 2021 | 287.5 | | | 2021 | 818.0 | | |
| Allotment Releases | | | | | | | | | | | | |
| As of March 2020 | | 3,216.3 | 78.4% of the P4,100.0 billion obligation program | | | | | | | | | |
| As of March 2021 | | 3,514.4 | 78.0% of the P4,506.0 billion obligation program | | | | | | | | | |

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

Allotment Releases

As of end-March 2021, allotment releases totaled to P3,514.4 billion, equivalent to 78.0 percent of the P4,506.0 billion obligation program for the year. For the month of March 2021 alone, allotment releases amounted to P67.9 billion, which is composed largely of the following big-ticket items: i) releases for the financial assistance to LGUs in the NCR Plus¹ due to the Enhanced Community Quarantine (ECQ) – P22.9

¹ Consists of Metro Manila, Laguna, Bulacan, Cavite, and Rizal provinces.

billion; ii) second quarter pension requirements of the Philippine National Police (PNP) – P10.6 billion; and iii) budgetary support to the Philippine Fisheries Development Authority (PFDA) – 5.2 billion) and the Philippine Rice Research Institute (PRRI) – P3.1 billion.

Year-on-Year Performance, by Expense Class

For the Month of March 2021

Disbursements for the month of March 2021 reached P407.6 billion, increasing by P74.4 billion or 22.3 percent from the previous year's level, strongly buoyed by the following expenditure items:

- Maintenance spending climbed to 87.4 billion, up by P33.3 billion or 61.7 percent year-on-year. This is largely due to the continuing implementation of the *Bayanihan* II, specifically for the:
 - i) rice program and R&D initiatives of the Department of Agriculture (DA);
 - ii) purchase of COVID-19 testing kits of the Department of Health (DOH);
 - iii) *Tulong Panghanapbuhay Para sa Ating* Displaced/Disadvantaged Workers (TUPAD) Program and COVID-19 Adjustment Measures Program (CAMP) of the Department of Labor and Employment (DOLE); and
 - iv) Repatriation Assistance Program and Reintegration Program under the Overseas Workers Welfare Administration (OWWA).

Higher disbursements were also recorded by the Department of Social Welfare and Development (DSWD) for its various programs such as the i) *Pantawid Pamilyang Pilipino Program* (4Ps); ii) protective services for individuals and families in especially difficult circumstances; iii) social pension for indigent senior citizens, and iv) the Sustainable Livelihood Program (SLP).

- Infrastructure and other capital outlays rose to P87.8 billion, P25.6 billion or 41.1 percent larger than last year's P62.2 billion. This was largely propelled by the payment for completed and partially completed 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.
- PS expenditures were recorded at P104.7 billion, P9.4 billion or 9.9 percent higher than a year ago. The increase is credited mainly to the implementation of the second tranche of the salary increase of civilian personnel in the National Government by virtue of R.A. No. 11466 or the Salary Standardization Law (SSL) V, as well as the payment for the Service Recognition Incentive (SRI) for the employees of the Department of Education (DepEd).
- Combined allotment and capital transfers to LGUs amounted to P70.5 billion, growing by P5.1 billion or 7.9 percent year-on-year 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

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

(Amount in billion pesos, unless otherwise indicated)

| Expenditure Class | March | | | |
|---------------------------|--------------|--------------|---------------------|-------------|
| | 2020 | 2021 | Increase/(Decrease) | |
| | | | Amt | % |
| CURRENT OPERATING EXP. | 254.3 | 294.9 | 40.6 | 15.9 |
| Personnel Services | 95.3 | 104.7 | 9.4 | 9.9 |
| MOOE | 54.0 | 87.4 | 33.3 | 61.7 |
| Subsidy | 12.0 | 3.8 | (8.1) | (67.9) |
| Allotment to LGUs | 49.7 | 51.3 | 1.6 | 3.2 |
| IP | 43.1 | 47.7 | 4.6 | 10.6 |
| TEF | 0.3 | 0.0 | (0.2) | (89.0) |
| CAPITAL OUTLAYS | 77.9 | 107.0 | 29.2 | 37.4 |
| Infra and Other CO | 62.2 | 87.8 | 25.6 | 41.1 |
| Equity | - | 0.0 | 0.0 | -- |
| Capital Transfers to LGUs | 15.7 | 19.2 | 3.6 | 22.7 |
| NET LENDING | 1.0 | 5.7 | 4.7 | 470.3 |
| TOTAL | 333.2 | 407.6 | 74.4 | 22.3 |

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

- Interest payments increased by P4.6 billion or 10.6 percent from the previous year's P43.1 billion due to coupon payment for bonds issued in various months in 2020, and the additional issuances (benchmark bonds) and discounts on reissuances.

The expansion recorded in the said expense items, however, was partly tempered by lower subsidy, which declined by P8.1 billion from a year ago mainly due to the timing of releases to the GOCCs pending their submission of budget requests and supporting documents. Nonetheless, the volume of subsidy releases is expected to be made in the second quarter.

For the Period January to March 2021

For the first three months of the year, NG disbursements posted a substantial growth rate of almost 20 percent year-on-year to close in at P1,017.9 billion. This compares to the 9.2 percent annual growth recorded for the first quarter of last year at the start of the COVID-19 pandemic.

The strong spending performance for the period is mainly credited to higher MOOE and equity with the implementation of *Bayanihan* II measures, and infrastructure and capital outlays. The latter came largely from the DPWH road infrastructure program, and direct payments made to suppliers by foreign creditors for foreign-assisted projects (FAPs) such as the Metro Manila Subway Project of the Department of Transportation (DOTr) and the Davao City By-Pass Construction Project of the DPWH.

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

| Expenditure Class | January to March | | | |
|--|------------------|----------------|---------------------|-------------|
| | 2020 | 2021 | Increase/(Decrease) | |
| | | | Amt | % |
| CURRENT OPERATING EXP. | 647.4 | 718.4 | 71.0 | 11.0 |
| Personnel Services | 241.0 | 259.9 | 18.9 | 7.8 |
| MOOE | 115.4 | 160.9 | 45.5 | 39.5 |
| Subsidy | 22.4 | 11.4 | (11.0) | (49.1) |
| Allotment to LGUs | 146.7 | 153.6 | 6.9 | 4.7 |
| IP | 119.9 | 125.9 | 6.0 | 5.0 |
| TEF | 2.0 | 6.7 | 4.7 | 239.9 |
| CAPITAL OUTLAYS | 197.0 | 293.8 | 96.8 | 49.1 |
| Infra and Other CO | 156.1 | 195.2 | 39.1 | 25.1 |
| Equity | - | 45.3 | 45.3 | --- |
| Capital Transfers to LGUs | 40.9 | 53.3 | 12.3 | 30.1 |
| NET LENDING | 4.8 | 5.7 | 0.9 | 18.1 |
| TOTAL | 849.2 | 1,017.9 | 168.7 | 19.9 |
| Memo item: | | | | |
| Infrastructure Disbursements ^{1/} | 191.7 | 243.0 | 51.3 | 26.8 |

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

Although the growth in infrastructure and other capital outlays may be partly due to base effects, the increase in infrastructure disbursements for Q1 this year of P39.1 billion was enough to completely offset the P22.1 billion reduction recorded in Q1 last year. It also recovered from the negative growth recorded in the preceding two quarters of 33.0 percent in Q3 and 32.7 percent in Q4 2020.

Meanwhile, the other items which bolstered spending for the period are as follows:

- Higher allotment and capital transfers to LGUs (P206.9 billion, 10.3 percent y-o-y) owing to the higher IRA of LGUs, releases for the annual block grant to the BARMM and LGSF;
- PS expenditures (P259.9 billion, 7.8 percent y-o-y) resulting from the implementation of salary adjustment pursuant to SSL V, SRI for employees under the Department of Education, and the 2018 pension differential of retired military and uniformed personnel (MUPs) under the Philippine National Police and the Department of National Defense;

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.

- iii. Interest payments (P125.9 billion, 5.0 percent y-o-y) in view of the coupon payments for bonds issued in the previous year.

Government spending is one of the major sources of growth which helped temper the economic contraction recorded for Q1 of this year. While the overall economic performance declined by 4.2 percent, government final consumption expenditure, which consists largely of the expenditures for various social programs, expanded by 16.1 percent.

Similarly, public construction posted a massive 26.2 percent growth from -0.7 percent for the same period last year, and bouncing back from the negative growth in the preceding two quarters at -27.1 percent and -17.7 percent in Q3 and Q4 last year, respectively. As a whole, the contraction in gross capital formation fell to 18.3 percent in Q1 this year, from a high of 51.5 percent in Q2, 39.5 percent in Q3 and 32.2 percent in Q4 2020. This trend can be a good sign that the construction sector is already bouncing back from the effects of the community restrictions in place in the previous year as the economy is gradually reopened and the implementation of projects gain steam.

Outlook for the Rest of the Year

As of end-March 2021, the program balance amounts to P991.6 billion³ or 22.0 percent of the P4,506.0 billion obligation program for 2021. Based on allotment releases as of April 30, 2021⁴, some P98.6 billion was released during the said month which included the following big-ticket items: i) Procurement of COVID-19 Vaccine under the DOH – P38.5 billion; ii) Revised AFP Modernization Program (RAFPMP) of the DND – P12.1 billion; and iii) FY 2021 Universal Access to Quality Tertiary Education (UAQTE) of the Technical Education and Skills Development Authority (TESDA) – P2.9 billion.

Disbursements for the second quarter are still expected to be mostly driven by COVID-19 related expenditures, specifically with the release of allotments for the procurement of COVID-19 vaccine, and the financial assistance to NCR Plus due to the ECQ. The downloading of program subsidies to GOCCs based on submitted requests, as well as the ongoing construction projects of the DPWH will further boost spending for the period.

With respect to the economy, prospects remain upbeat with the delivery of the supply of vaccines steadily picking up and the roll out of the national vaccination program ongoing. This will also be supported by the continuing implementation of critical health and social programs, infrastructure projects, and lending assistance to MSMEs and other affected-sectors. When complemented by the public's strict adherence to health and safety protocols, management of COVID-19 cases, and improvement in the healthcare system, the economy can be reopened further to help restore consumer and business confidence and attain recovery.

³ Net of FY 2020 Continuing Appropriations, Unprogrammed Appropriations, and other Automatic Appropriations

⁴ Based on SARO Listing for the period April 1 to 30, 2021. Generated from the DBM eBudget System.