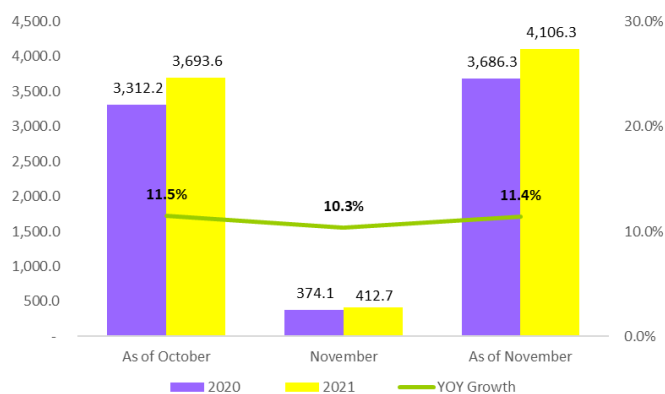


NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF NOVEMBER 2021

National Government (NG) spending for the month of November 2021 amounted to P412.7 billion, increasing by P38.7 billion or 10.3 percent year-on-year. This is faster than the 2.3 percent expansion recorded for the same month in 2020 as infrastructure and other capital outlays continued to accelerate, and higher maintenance spending, and personnel services (PS) expenditures are recorded. This brings the total disbursements for the first eleven (11) months of last year to P4,106.3 billion, P420.1 billion or 11.4 percent more than the level recorded for the same period in 2020.

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



For the month of November 2021, NCA disbursements were recorded at P359.2 billion, higher by P16.7 billion or 4.9 percent year-on-year largely on account of expanded capital outlays and PS expenditures. Similarly, non-NCA disbursements grew by P21.9 billion or 69.3 percent from a year ago to reach P53.6 billion mainly due to larger constructive receipts of cash (CRC)¹ payments for the foreign-assisted projects of the DOTr and DPWH, and purchase of COVID-19 vaccines of the DOH; higher interest payments and net lending. Year-to-date, NCA disbursements amounted to P3,401.6 billion, P265.7 billion or 8.5 percent more than the previous year due to higher capital expenditures, personnel services, and transfers to LGUs. Meanwhile, non-NCA disbursements posted at P704.7 billion, up by P154.4 billion or 28.1 percent year-on-year on account of higher CRC and interest payments, tax subsidies, 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 October				November				As of November			
	2020	2021	Inc/(Dec)		2020	2021	Inc/(Dec)		2020	2021	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	2,793.5	3,042.5	248.9	8.9	342.4	359.2	16.7	4.9	3,136.0	3,401.6	265.7	8.5
<i>% of Eff. NCA</i>	<i>91.6%</i>	<i>90.5%</i>			<i>77.2%</i>	<i>91.3%</i>			<i>89.8%</i>	<i>90.6%</i>		
Non-NCA	518.7	651.1	132.5	25.5	31.6	53.6	21.9	69.3	550.3	704.7	154.4	28.1
TOTAL	3,312.2	3,693.6	381.4	11.5	374.1	412.7	38.7	10.3	3,686.3	4,106.3	420.1	11.4
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
	As of October				November				As of November			
	2020	3,049.2			2020	443.3			2020	3,492.5		
	2021	3,361.8			2021	393.3			2021	3,755.1		
Allotment Releases												
As of November 2020	4,309.3	105.1% of the P4,100.0 billion obligation program										
As of November 2021	4,441.2	98.6% of the P4,506.0 billion obligation program										

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

Allotment Releases

Allotment releases as of end-November 2021 totaled P4,441.2 billion, equivalent to 98.6 percent of the P4,506.0 billion obligation program for the year. Meanwhile, releases for the month of November 2021

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

amounted to P50.7 billion, composed largely of the following allotments: i) for later release (FLR) infrastructure projects of the DPWH – P13.9 billion; ii) FY 2021 PS deficiency of the Philippine National Police (PNP) – P9.5 billion; iii) Q4 2018 pension increase differential of the Department of National Defense (DND) – P1.3 billion; iv) Fuel Cash Subsidy under the Department of Transportation (DOTr) – P1.0 billion; and v) additional P1.0 billion for the Emergency Repatriation Program of the Overseas Workers Welfare Administration (OWWA).

Year-on-Year Performance, by Expense Class

For the Month of November 2021

Disbursements for the month of November 2021 reached P412.7 billion, P38.7 billion or 10.3 percent more than the previous year's level. The expenditure items that propelled spending for the period are the following:

- i. Infrastructure and other capital outlays rose to P60.0 billion, up by P19.7 billion or 49.0 percent from the prior year's level. The increase is mainly attributed to the implementation of various infrastructure projects of the DPWH nationwide such as the construction, widening, improvement, retrofitting/strengthening, maintenance, repair and rehabilitation of access, bypass, and diversion roads, bridges, flood mitigation structures and drainage systems, and construction of multi-purpose buildings; as well as the settlement of accounts payables of the Department of Health (DOH) for various capital outlay projects under its Health Facilities Enhancement Program (HFEP). As earlier mentioned, the foreign-assisted projects for the DPWH's road network program and the DOTr's rail transport sector projects also contributed to the higher infrastructure expenditures.
- ii. Maintenance spending climbed to P82.2 billion, P11.5 billion or 16.3 percent larger from a year ago. This is attributed mainly to the implementation of the *Pantawid Pamilyang Pilipino Program* (4Ps) and other Social Protection Services Programs of the Department of Social Welfare and Development (DSWD); releases for the Universal Access to Quality Tertiary Education (UAQTE) of the Commission on Higher Education (CHED), and the Government Assistance and Subsidies (GAS) – Education Service Contracting (ESC) and Senior High School Voucher Program (SHS VP) of the Department of Education (DepEd).
- iii. Interest payments amounted to P31.2 billion, P11.2 billion or 55.8 percent higher year-on-year owing mainly to coupon payments and discounts from additional bond issuances for the year. On the other hand, net lending increased to P4.6 billion on account of NG advances to the National Food Authority (NFA).
- iv. PS expenditures totaled P154.5 billion, P10.1 billion or 7.0 percent more than the 2020 level. The increase is credited to the implementation of the second tranche of the Salary Standardization Law 5; release of the yearend bonus and cash gift for government employees; upgrading of Nurse 2 positions; pension increase differential of the DND; and the creation and filling of unfilled positions in various government agencies.

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

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	November			
	2020	2021	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	309.4	333.3	23.9	7.7
Personnel Services	144.4	154.5	10.1	7.0
MOOE	70.7	82.2	11.5	16.3
Subsidy	22.8	12.3	(10.5)	(45.9)
Allotment to LGUs	48.8	52.5	3.7	7.5
IP	20.0	31.2	11.2	55.8
TEF	2.7	0.5	(2.2)	(80.6)
CAPITAL OUTLAYS	64.6	74.9	10.2	15.9
Infra and Other CO	40.3	60.0	19.7	49.0
Equity	10.1	0.1	(9.9)	(98.5)
Capital Transfers to LGUs	14.3	14.7	0.5	3.2
NET LENDING	0.0	4.6	4.5	50,533.3
TOTAL	374.1	412.7	38.7	10.3

The said increases, however, were slightly tempered by lower subsidy releases and equity support to government corporations. Subsidy declined by P10.5 billion or 45.9 percent on account of the timing of releases to the Philippine Health Insurance Corporation (PHIC) for the payment of health insurance premiums of indigent beneficiaries in November 2020, and the non-recurring subsidy to the Land Bank of the Philippines (LBP) for the implementation of the Unconditional Cash Transfer (UCT) Program. It may be recalled that the UCT Program ran for a period of three (3) years since the effectivity of the TRAIN law (RA No. 10963) in 2018 up to 2020. Meanwhile, equity was lower by P9.9 billion or 98.5 percent mainly due to the P10.0 billion releases to Government Financial Institutions (GFIs) in November 2020 in line with the implementation of the *Bayanihan II*.

For the Period January to November 2021

Total NG spending as of end-November 2021 went up by P420.1 billion or 11.4 percent more to reach P4,106.3 billion. This was driven mainly by infrastructure and other capital outlays, which increased by P213.6 billion or 38.9 percent to reach P762.4 billion. It also contributed 5.8 percentage points to the 11.4 percent growth of total expenditures in November 2021.

This resulted from the continuous implementation of the DPWH's infrastructure projects nationwide and the capital outlays of other departments amid the shift to the revised Alert Level systems and allowing of public construction activities even in stricter community quarantine restriction levels. Likewise, it rebounded from the lower infrastructure spending in 2020 amid then the discontinuance of some other capital outlay projects which can no longer be implemented due to the pandemic pursuant to the provisions of the *Bayanihan I*.

The other expenditure items which showed significant upturn included PS expenditures (P89.9 billion or 8.7 percent year-on-year); transfers to LGUs (P59.2 billion or 8.0 percent year-on-year); interest payments (P47.0 billion or 13.2 percent year-on-year); equity (P35.5 billion or 306.9 percent year-on-year); and tax expenditures (P8.8 billion or 36.7 percent year-on-year).

Meanwhile, the decrease in subsidy (P24.4 billion or -13.0 percent year-on-year) and maintenance and other operating expenses (P10.6 billion or -1.4 percent year-on-year) trimmed down the growth of disbursements for the year. The decline in the said items was mainly attributed to the high base effect of substantial one-time COVID-19 social assistance packages in 2020, such as the Social Amelioration Program (SAP) of the DSWD and the Small Business Wage Subsidy Program (SBWSP) under the Social Security System (SSS).

Outlook for the Rest of the Year

According to the DBM report of allotment releases as of end-November 2021, only P64.8 billion or just 1.4 percent of the total P4,506 billion annual obligation program remains to be released. Releases from FY 2020 continuing appropriations (FY 2020 GAA and *Bayanihan II*), unprogrammed appropriations, and

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

Expenditure Class	January to November			
	2020	2021	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	2,942.2	3,095.2	153.0	5.2
Personnel Services	1,034.2	1,124.1	89.9	8.7
MOOE	771.9	761.3	(10.6)	(1.4)
Subsidy	187.9	163.4	(24.4)	(13.0)
Allotment to LGUs	569.3	611.7	42.4	7.4
IP	355.1	402.1	47.0	13.2
TEF	23.9	32.6	8.8	36.7
CAPITAL OUTLAYS	727.9	993.8	266.0	36.5
Infra and Other CO	548.8	762.4	213.6	38.9
Equity	11.6	47.1	35.5	306.9
Capital Transfers to LGUs	167.5	184.3	16.8	10.1
NET LENDING	16.2	17.3	1.1	6.5
TOTAL	3,686.3	4,106.3	420.1	11.4
Memo item:				
Infrastructure Disbursements ^{1/}	727.3	967.1	239.9	33.0

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

other automatic appropriations were accommodated within the full year FY 2021 expenditure program as provided in DBM National Budget Circular (NBC) No. 583 dated January 4, 2021. Meanwhile, the releases from balances in the agency-specific budgets and special purpose funds are subject to submission of special budget requests and supporting documentary requirements pursuant to the general and special provisions of the GAA.

In terms of the outlook for disbursements, the full year 2021 spending may reach P4,633.1 billion based on the projection presented during the 180th DBCC Meeting on December 14, 2021. This is 9.6 percent (P405.7 billion) higher when compared to the P4,227.4 billion actual disbursements in 2020 and just 2.2 percent (P104.1 billion) below the P4,737.1 billion target for 2021. This gap has significantly narrowed down from the 5.2 percent (P186.1 billion) underspending recorded as of the third quarter 2021. The slower-than-expected spending performance was largely attributed to various factors, namely:

- i. Ongoing filling/creation of positions in various agencies, program balances in the Pension and Gratuity Fund (PGF);
- ii. Ongoing processing of payment/billing claims (e.g., DepEd, CHED), procurement and delivery of goods and supplies (e.g., DOH), and delays in the implementation of some social assistance programs (e.g., DSWD);
- iii. Unreleased subsidies to government corporations pending submission of special budget request and compliance to documentary requirements such as progress billings; and
- iv. Lower-than-programmed interest payments.

Nonetheless, the government is optimistic that the disbursement performance for the last month of the year will be robust on account of the payment of progress billings for infrastructure projects, completed and delivered goods and services under the respective programs/activities contracted out by various government agencies, transfers to LGUs, and release of other PS benefits. This should help meet the full year spending commitment, or at the very least, further reduce the gap vis-à-vis the program.
