

NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF SEPTEMBER 2021

National Government (NG) spending for the month of September 2021 reached P412.4 billion, up by P61.4 billion or 17.5 percent year-on-year. The expansion is mainly credited to higher maintenance and other operating expenses (MOOE), personnel services (PS) expenditures, and infrastructure and other capital outlays. For the first nine months of the year, government disbursements amounted to P3,376.2 billion, increasing by P353.6 billion or 11.7 percent mainly driven by the implementation of various infrastructure projects of the DPWH nationwide and capital

outlay projects of various departments. However, this is lower when compared to the P3,562.3 billion program¹ for the first nine months of the year by P186.1 billion or 5.2 percent, primarily due to the lower-than-programmed interest payments, MOOE and PS expenditures, as well as timing of subsidy releases. Nevertheless, this narrowed down by P47.2 billion from the P233.4 billion (9.6 percent) spending gap posted for the first semester this year.

In terms of the use of disbursement authorities, NCA disbursements in September 2021 grew by P51.2 billion or 17.4 percent from a year ago, reaching P345.3 billion. Meanwhile, Non-NCA disbursements increased by P10.2 billion or 18.0 percent and totaled to P67.1 billion. Year-to-date, NCA disbursements amounted to P2,780.2 billion, up by P244.6 billion or 9.6 percent year-on-year as a result of the government's implementation of COVID-19 recovery measures and regular operating programs. On the other hand, Non-NCA disbursements amounted to P596.1 billion, P109.0 billion or 22.4 percent higher than the comparable period last year owing mainly to higher interest payments, tax subsidies, constructive receipts of cash payments², and the encashment of check floats.

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

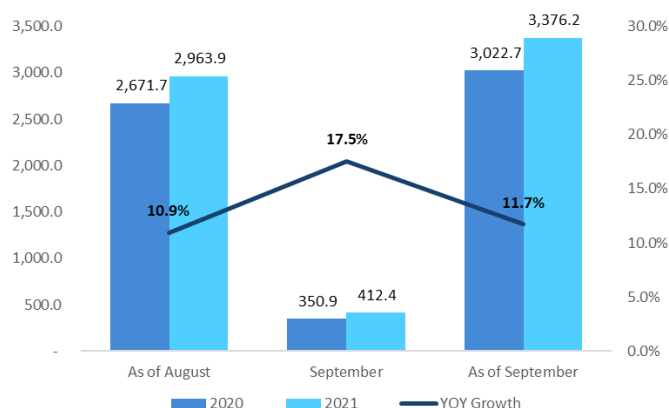


Table 1. Comparison of NCA and Non-NCA Disbursements, 2020-2021

(Amount in billion pesos, unless otherwise indicated)

Particulars	As of August				September				As of September			
	2020	2021	Inc/(Dec)		2020	2021	Inc/(Dec)		2020	2021	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	2,241.4	2,434.9	193.4	8.6	294.1	345.3	51.2	17.4	2,535.5	2,780.2	244.6	9.6
<i>% of Eff. NCA</i>	<i>89.7%</i>	<i>90.5%</i>			<i>124.8%</i>	<i>119.4%</i>			<i>92.7%</i>	<i>93.3%</i>		
Non-NCA	430.3	529.0	98.7	22.9	56.8	67.1	10.2	18.0	487.1	596.1	109.0	22.4
TOTAL	2,671.7	2,963.9	292.2	10.9	350.9	412.4	61.4	17.5	3,022.7	3,376.2	353.6	11.7
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
As of August				September				As of September				
		2020	2,499.2		2020	235.7		2020	2,734.9			
		2021	2,689.2		2021	289.3		2021	2,978.5			
Allotment Releases												
As of September 2020		4,071.5	99.3% of the P4,100.0 billion obligation program									
As of September 2021		4,346.2	96.5% of the P4,506.0 billion obligation program									

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

¹ FY 2021 Quarterly Fiscal Program approved by the DBCC during its meeting held on May 18, 2021.

² Direct payments made to suppliers by development partners for the implementation of Foreign-Assisted Projects.

Allotment Releases

As of end-September 2021, allotment releases totaled P4,346.2 billion, equivalent to 96.5 percent of the P4,506.0 billion obligation program for the year. For the month of September 2021, among the substantial releases made include the following:

- i) Special shares of LGUs in the proceeds of Tobacco Excise Tax – P21.3 billion;
- ii) Fourth quarter pension requirements for the Military and Uniformed Personnel (MUP) of the Department of National Defense (DND) – P14.2 billion;
- iii) Fourth quarter pension requirements of the Philippine National Police (PNP) – P10.5 billion;
- iv) Financial assistance for rice farmers under the DA– P5.5 billion; and
- v) Requirements for the Human Resources for Health (HRH) personnel of the DOH – P2.0 billion.

Year-on-Year Performance, by Expense Class

For the Month of September 2021

Disbursements for the month of September 2021 soared to P412.4 billion, increasing by P61.4 billion or 17.5 percent from the previous year's level. The strong performance for the period is mainly driven by the growth of spending recorded in the following items:

- Maintenance spending climbed to P100.8 billion, P24.6 billion or 32.2 percent higher than a year ago. The significant increase is largely credited to the implementation of the following programs:
 - i. *Pantawid Pamilyang Pilipino* Program (4Ps) and the Protective Services Program of the Department of Social Welfare and Development;
 - ii. Public Utility Vehicle Service Contracting of the Department of Transportation (DOTr);
 - iii. Emergency Repatriation Program of the Overseas Workers Welfare Association (OWWA);
 - iv. *Tulong Panghanapbuhay sa Ating* Disadvantaged/Displaced Workers (TUPAD) Program of the Department of Labor and Employment (DOLE); and
 - v. Expenditures relative to the preparatory activities of the Commission on Elections (COMELEC) for the 2022 National and Local Elections.
- PS expenses grew to P110.2 billion, P14.3 billion or 14.9 percent larger than last year's P95.9 billion. This is mainly on account of the salary increase of civilian personnel in the National Government by virtue of R.A. No. 11466 or the Salary Standardization Law of 2019 (SSL V); payment for the FY 2018 pension differential of the DND; grant of the 2019 performance-based bonus (PBB) to the Department of Education (DepEd), DND, and other agencies; and filing of unfilled positions in the DOH.
- Infrastructure and other capital outlays rose to P71.2 billion, up by P14.2 billion or 25.0 percent year-on-year owing largely to the implementation of the Department of Public Works and Highways (DPWH) projects nationwide, such as the construction, repair, rehabilitation, and improvement of access, by-pass, and diversion roads, bridges, flood mitigation structures and

Table 2. NG Disbursements for the Month of September 2021

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	September			
	2020	2021	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	276.7	325.0	48.3	17.5
Personnel Services	95.9	110.2	14.3	14.9
MOOE	76.2	100.8	24.6	32.2
Subsidy	7.2	9.2	2.0	28.1
Allotment to LGUs	50.4	51.9	1.5	2.9
IP	43.4	47.9	4.5	10.4
TEF	3.6	5.1	1.5	41.0
CAPITAL OUTLAYS	73.3	86.7	13.4	18.2
Infra and Other CO	56.9	71.2	14.2	25.0
Equity	0.6	0.5	(0.0)	(6.8)
Capital Transfers to LGUs	15.8	15.0	(0.8)	(5.2)
NET LENDING	0.9	0.7	(0.2)	(26.0)
TOTAL	350.9	412.4	61.4	17.5

drainage systems, and the construction of multi-purpose building; and projects under the Revised AFP Modernization Program (RAFPMP) of the DND.

- Interest payments were recorded at P47.9 billion, P4.5 billion or 10.4 percent more than a year ago due to coupon payments and discounts for reissued Fixed Rate Treasury Bonds (FXTBs).

For the Period January to September 2021

Table 3. NG Disbursements for the Period January to September, 2020 and 2021

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to September						
	2020 Actual	2021		Variance		Increase/(Decrease)	
		Program ^{1/}	Actual	Amt	%	Amt	%
CURRENT OPERATING EXP.	2,419.4	2,735.6	2,519.9	(215.7)	(7.9)	100.6	4.2
Personnel Services	809.1	918.9	881.8	(37.0)	(4.0)	72.7	9.0
MOOE	645.9	684.1	615.6	(68.5)	(10.0)	(30.3)	(4.7)
Subsidy	158.8	210.4	145.9	(64.5)	(30.7)	(12.9)	(8.1)
Allotment to LGUs	472.8	500.1	507.7	7.6	1.5	34.9	7.4
IP	313.0	412.9	339.3	(73.6)	(17.8)	26.4	8.4
TEF	19.7	9.3	29.6	20.3	219.0	9.8	49.9
CAPITAL OUTLAYS	586.7	807.9	844.3	36.3	4.5	257.5	43.9
Infra and Other CO	451.5	589.3	641.5	52.2	8.9	190.0	42.1
Equity	1.4	56.5	46.7	(9.8)	(17.3)	45.4	3,322.3
Capital Transfers to LGUs	133.9	162.1	156.0	(6.1)	(3.8)	22.1	16.5
NET LENDING	16.5	18.8	12.0	(6.8)	(36.0)	(4.5)	(27.2)
TOTAL	3,022.7	3,562.3	3,376.2	(186.1)	(5.2)	353.6	11.7
Memo Item							
Infra Disbursements ^{2/}	595.0	797.5	807.5	9.9	1.2	212.5	35.7

^{1/} FY 2021 Quarterly Fiscal Program approved by the DBCC during its meeting held on May 18, 2021.

^{2/} Include estimated NG infrastructure disbursements, and infrastructure components of subsidy and equity to GOCCs and transfers to LGUs.

As of end-September 2021, NG spending totaled P3,376.2 billion, growing by P353.6 billion or 11.7 percent year-on-year. The expansion recorded for the period is largely due to higher infrastructure and other capital outlays, which increased by P190.0 billion or 42.1 percent to reach P641.5 billion due to the implementation of various road infrastructure projects of the DPWH nationwide, aviation and rail transport foreign-assisted projects of the DOTr such as the Tacloban, Kalibo, and Bukidnon Airport Projects and the Metro Manila Subway Project Phase I, and projects under the DND RAFPMP. Infrastructure and other capital outlays accounted for more than half of the total P353.6 billion increase in disbursements for the first nine months of the year.

Disbursements, likewise, grew on account of the following:

- PS expenditures (P881.8 billion; 9.0 percent y-o-y) due to the implementation of the second tranche of salary adjustment under the SSL V, the release of the mid-year bonus and PBB, pension and retirement claims, pension differential, and filling of unfilled positions;
- Combined allotment and capital transfers to LGUs (P663.7 billion; 9.4 percent y-o-y) resulting from the higher IRA of LGUs, releases for the annual block grant to the BARMM, and releases from the Local Government Support Fund - Support to Barangay Development Program (LGSF-SBDP);

- iii) Equity (P46.7 billion; 3,322.3 percent y-o-y) with the release of the capital infusions to Government Financial Institutions (GFIs) for various credit/lending assistance programs under the *Bayanihan* II in the first semester of 2021; and
- iv) Interest payments (P339.3 billion; 8.4 percent y-o-y) owing to the coupon payments for bonds issuances, and discounts from reissuances of FXTBs.

However, the growth in the said expenditure items was slightly tempered by lower MOOE and subsidies to GOCCs. Maintenance spending amounted to P615.6 billion, lower by P30.3 billion or 4.7 percent largely due to the completion of the Social Amelioration Program (SAP) of the DSWD in the previous year. Meanwhile, subsidy declined by P12.9 billion or 8.1 percent from a year ago owing to the one-time P51.0 billion Small Business Wage Subsidy (SBWS) Program implemented through the Social Security System (SSS) last year. This was partly offset by the subsidy releases to the Philippine Health Insurance Corporation (PHIC) for the payment of health insurance premiums of indigents and senior citizens, and to the National Irrigation Administration (NIA) for the settlement of accounts payables for irrigation projects.

Actual vs Program Disbursements

When compared to the P3,562.3 billion program³ for the first nine months of 2021, spending fell below the target by P186.1 billion or 5.2 percent mainly on account of the following:

- Interest payments were lower than the P412.9 billion program by P73.6 billion or 17.8 percent due to lower actual issuances and rates of Treasury Bills, premium and lower rates of Fixed Rate Treasury Bonds, and lower actual interest and foreign exchange rates;
- Maintenance spending was below the programmed P684.1 billion for the period by P68.5 billion or 10.0 percent. This is attributed mainly to the ongoing processing of payment claims/billing and other supporting documents of the DepEd and the Commission on Higher Education (CHED) for their respective educational assistance programs, as well as the delays in the implementation of the banner programs of the DSWD such as the Sustainable Livelihood Program (SLP) and the *Kapit-Bisig Laban sa Kahirapan* Comprehensive and Integrated Delivery of Social Services - National Community Driven Development Program (KALAHI CIDSS – NCDDP) due to the pandemic.
- Subsidy was short of the P210.4 billion program by P64.5 billion or 30.7 percent. This is mainly due to the timing of subsidy releases pending submission of Special Budget Requests (SBRs) by the GOCCs such as National Electrification Administration (NEA), Social Housing Finance Corporation (SHFC), National Irrigation Administration (NIA), Bases Conversion and Development Authority (BCDA) and PHIC, which may be attributed to compliance to documentary requirements and late submission of progress billings from contractors, and ongoing utilization of available cash balances.
- PS expenditures were behind the P918.9 billion program by P37.0 billion or 4.0 percent mainly on account of the program balance from the Pension and Gratuity Fund (PGF) and outstanding checks in PS-heavy departments such as the DepEd-OSEC and DILG-PNP, and the ongoing filling/creation of positions in various government agencies.

³ Ibid

- Equity was also lower than the P56.5 billion program by P9.8 billion or 17.3 percent. The variance pertains largely to the requirement of the Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Bill which will only be released once the same is passed into law.

Outstanding checks, which pertain to those issued checks but not yet presented for payment or encashment by creditors/beneficiaries have, likewise, affected the disbursement performance of the government, particularly for PS and MOOE-related expenditures. These accumulated to P60.6 billion as of end-September 2021⁴.

It is noteworthy that infrastructure and other capital outlays surpassed the P589.3 billion program by P52.2 billion or 8.9 percent with the settlement of accounts payables and faster implementation of infrastructure activities of the DPWH amid the looser community quarantine restrictions. When combined with the infrastructure components of subsidy, equity releases to GOCCs, and transfers to LGUs the total infrastructure disbursements for the period reached P807.5 billion. This is 35.7 percent higher from a year ago, and 1.2 percent more than the P797.5 billion program for the period. The growth of total infrastructure disbursements was tempered by the lower-than-programmed subsidy releases to the NIA, BCDA, and NIA pending their special budget requests.

On the other hand, tax expenditures exceeded the P9.3 billion program by P20.3 billion owing largely to the documentary stamp taxes for NG debt issuances.

Outlook for the Rest of the Year

For the remaining three months of the year, only P159.8 billion⁵ or just 3.5 percent of the P4,506.0 billion obligation program for 2021 remains to be released, composed largely of some P167.2 billion agency specific budgets and P64.5 billion worth of Special Purpose Funds (SPFs).

The DBM issued Circular Letter No. 2021-10 on October 15, 2021 reminding the line agencies that requests for release of additional funds requiring the issuance of allotment and cash allocations received after November 15, 2021 shall no longer be acted upon within FY 2021 and will be deferred to FY 2022, with the exemption of PS deficiencies and COVID-19 measures and disaster mitigation projects/programs. This will ensure that funds will be utilized before the year ends to help boost disbursement performance and strengthen economic growth.

Relatedly, big-spending departments are implementing catch up plans to meet their spending commitments for the year. For instance, the DSWD cited⁶ the following measures to accelerate implementation of its programs such as the 4Ps, Sustainable Livelihood Program (SLP), and KALAHI CIDSS – NCDDP, among others:

- i) Ongoing registration of the remaining poor in the *Listahanan* 2 and near-poor households,
- ii) Provision of technical assistance to field offices and continuous monitoring of implementation,
- iii) Expedite the preparation of checks and encourage use of Advice to Debit Account (ADA)
- iv) Enhance coordination with LGUs for cash payouts

⁴ Status of NCA Utilization as of September 30, 2021 per consolidated bank reports. Available at https://www.dbm.gov.ph/wp-content/uploads/e-Fund_Releases/NCA-Disbursement/2021/September/WEBSITE-As-of-September-2021-By-agency.pdf

⁵ Gross of the releases made for the FY 2020 Continuing Appropriations, Unprogrammed Appropriations, and other Automatic Appropriations accommodated within the current year's expenditure program per National Budget Circular No. 583.

⁶ Based on the report provided by the DSWD-OSEC to the DBM Budget and Management Bureau B.

In case of the CHED⁷, it has been closely working with its partner higher education institutions (HEIs) to promptly submit billing documents to maximize utilization of funds by the fourth quarter of this year. Similarly, the DepEd⁸ issued a memorandum setting deadlines for the submission of claims and supporting documents to process payments of goods delivered and services rendered, and directed its Bids and Awards Committee (BAC) to fast-track ongoing procurements. These steps should help them speed up implementation and improve utilization of funds by the end of the year.

Meanwhile, based on historical trend of Q4 disbursement performance, spending is likely to post modest growth in October, before peaking again in December due to the tendency of line agencies to accelerate spending towards the end of the year ahead of the agency closing of books and lapsing of cash allocations. Nonetheless, disbursements will continue to be driven by infrastructure and other capital outlays with the submission of progress billings for completed/partially completed projects which started in the earlier part of the year; school operations and educational assistance programs of the DepEd, SUCs, and CHED in line with the opening of classes starting in September; creation/filling of positions and regular operating programs/expenditures of other government agencies.

⁷ Based on the report provided by the CHED to the DBM Budget and Management Bureau F.

⁸ Based on the report provided by the DepEd-OSEC to the DBM Budget and Management Bureau F.