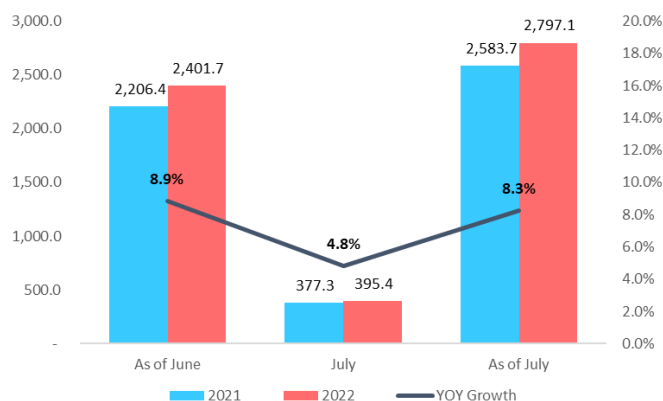


NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF JULY 2022

National Government (NG) spending as of end-July 2022 amounted to P395.4 billion, higher by P18.1 billion or 4.8 percent year-on-year, largely on account of the subsidy releases to the Philippine Health Insurance Corporation (PHIC) and the higher National Tax Allotment (NTA) shares of Local Government Units (LGUs). Year-to-date, disbursements totaled to P2,797.1 billion, P213.4 billion or 8.3 percent more than the level recorded a year ago, mainly due to higher personnel services (PS) expenditures, infrastructure and other capital outlays, interest payments, and larger NTA.

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



With respect to disbursement authorities, NCA disbursements in July 2022 amounted to P318.8 billion, increasing by P23.1 billion or 7.8 percent year-on-year mainly due to higher subsidy and combined allotment and capital transfers to LGUs. On the other hand, non-NCA disbursements reached P76.6 billion, down by P5.0 billion or 6.1 percent from a year ago owing to lower interest payments, constructive receipts of cash (CRC) payments¹, and tax expenditures. Year-to-date, NCA disbursements reached P2,291.0 billion, up by P184.7 billion or 8.8 percent, while non-NCA disbursements were recorded at P506.1 billion, larger by P28.7 billion or 6.0 percent year-on-year.

Table 1. Comparison of NCA and Non-NCA Disbursements, 2021-2022

(Amount in billion pesos, unless otherwise indicated)

Particulars	As of June				July				As of July			
	2021	2022	Inc/(Dec)		2021	2022	Inc/(Dec)		2021	2022	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	1,810.7	1,972.3	161.6	8.9	295.6	318.8	23.1	7.8	2,106.3	2,291.0	184.7	8.8
<i>% of Eff. NCA</i>	<i>92.8%</i>	<i>95.7%</i>			<i>68.0%</i>	<i>79.6%</i>			<i>88.3%</i>	<i>93.1%</i>		
Non-NCA	395.8	429.4	33.7	8.5	81.6	76.6	(5.0)	(6.1)	477.4	506.1	28.7	6.0
TOTAL	2,206.4	2,401.7	195.3	8.9	377.3	395.4	18.1	4.8	2,583.7	2,797.1	213.4	8.3
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
	As of June				July				As of July			
	2021	1,951.7			2021	434.9			2021	2,386.6		
	2022	2,060.6			2022	400.3			2022	2,460.9		
Allotment Releases												
As of July 2021		3,875.5	86.0% of the P4,506.0 billion obligation program									
As of July 2022		4,696.1	93.5% of the P5,023.6 billion obligation program									

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

Allotment Releases

As of end-July 2022, allotment releases totaled to P4,696.1 billion, equivalent to 93.5 percent of the P5,023.6 billion obligation program for the year. For the month of July 2022, some P15.8 billion worth of allotments were released, which includes the following big-ticket items:

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

DEPARTMENT	PURPOSE	AMOUNT
DND	Revised AFP Modernization Program (RAFPMP)	P2.4 billion
	Philippine Army FY 2020 Performance-Based Bonus (PBB)	P1.8 billion
CHED	Implementation of the Universal Access to Tertiary Education Act (UAQTEA), including the Tertiary Education Subsidy (TES) and the <i>Tulong Dunong</i> Program (TDP)	P2.0 billion
BTr	Release for the Local Government Support Fund – Growth Equity Fund (LGSF-GEF) pursuant to Special Provision No. 4 of the LGSF under the FY 2022 GAA	P1.3 billion

Year-on-Year Performance, by Expense Class

For the Month of July 2022

NG disbursements for the month of July 2022 jumped to P395.4 billion, P18.1 billion or 4.8 percent larger year-on-year, on account of the following expenditure items:

- Subsidy support to government corporations soared to P30.3 billion, increasing by P24.2 billion or 398.8 percent mainly due to the releases for the PHIC amounting to P22.5 billion. The payment of accounts payable of the National Irrigation Administration (NIA) for its completed irrigation projects also contributed to the higher subsidy in July.
- Combined allotment and capital transfers to LGUs climbed to P86.4 billion, P19.8 billion or 29.7 percent more than last year's outturn. As earlier mentioned, this was mainly credited to the higher National Tax Allotment (NTA) shares of LGUs this year with the first year of implementation of the Supreme Court decision on the *Mandanas-Garcia* petitions.
- Net lending surged to P7.9 billion due to the NG advances to the National Food Authority (NFA) to help service its maturing short-term loans.
- Infrastructure and other capital outlays went up by P4.3 billion or 5.9 percent year-on-year to reach P77.0 billion. The uptick was largely due to the capital outlay projects under the RAFPMP of the Department of National Defense (DND) and the Computerization Program of the Department of Education (DepEd). These partly offset the lower disbursements recorded in the DPWH resulting from ongoing processing of some disbursement vouchers which is expected to be completed by August, as well as ongoing processing/documentation for payment claims of completed capital outlay projects in various agencies.
- Personnel services (PS) expenditures grew by P3.7 billion or 4.3 percent to reach P88.8 billion. This was largely attributed to the increase in the number of filled positions in the Philippine National Police (PNP) and the release of the FY 2020 PBB of the Philippine Army, but was slightly

Table 2. NG Disbursements for the Month of July, 2021 and 2022

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	July			
	2021	2022	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	289.7	292.5	2.8	1.0
Personnel Services	85.1	88.8	3.7	4.3
MOOE	84.2	51.5	(32.7)	(38.8)
Subsidy	6.1	30.3	24.2	398.8
Allotment to LGUs	51.7	68.5	16.8	32.4
IP	59.0	52.1	(6.9)	(11.7)
TEF	3.7	1.3	(2.3)	(63.4)
CAPITAL OUTLAYS	87.7	95.0	7.3	8.3
Infra and Other CO	72.8	77.0	4.3	5.9
Equity	0.0	0.0	0.0	122.2
Capital Transfers to LGUs	14.9	17.9	3.0	20.2
NET LENDING	(0.2)	7.9	8.0	(4,084.8)
TOTAL	377.3	395.4	18.1	4.8

tempered by one-off PS expense, particularly the payment of the PBB of DepEd employees/personnel in July 2021.

The expansion in the aforementioned expense items, however, was moderated by the decreases in the following:

- Maintenance and other operating expenses (MOOE) amounted to P51.5 billion, lower by P32.7 billion or 38.8 percent compared to last year's level. The decline was mainly attributed to the timing of payouts of cash assistance due to the ongoing validation of the beneficiaries of the Modified Conditional Cash Transfer (MCCT) Program of the Department of Social Welfare and Development (DSWD) in July, and one-off expenditures such as the direct payments made by foreign lending institutions for the procurement of COVID-19 vaccines in July last year.
- Interest payments decreased to P52.1 billion, P6.9 billion or 11.7 percent lower year-on-year due to the timing of coupon payments for Global Bonds which was taken up in July 2021. For this year, the schedule of payment fell on August 1, 2022. The maturity of some Fixed Rate Treasury Bonds and Retail Treasury Bonds and last year's discount from reissuances of Fixed Rate Treasury Bonds also contributed to the lower interest payments in July 2022.
- Tax expenditures fell by P2.3 billion or 63.4 percent year-on-year and amounted to P1.3 billion, owing to lower documentary stamp taxes on government securities.

For the Period January to July 2022

NG disbursements as of end-July 2022 posted at P2,797.1 billion, larger by P213.4 billion or 8.3 percent year-on-year.

Spending for the seven-month period was driven mainly by the combined allotment and capital transfers to LGUs, which increased by P102.6 billion or 19.9 percent. This is mostly due to the increased NTA and allocations² to the Bangsamoro Autonomous Region in Muslim Mindanao. The other significant spending drivers for the period include PS expenditures which grew by P76.2 billion or 11.2 percent with the implementation of the third tranche of the Salary Standardization Law V; infrastructure and other capital outlays which expanded by P55.5 billion or 11.1 percent due to the payments made by the DPWH for its completed and partially completed infrastructure projects, and the implementation of the RAFPMP of the DND; and interest payments which went up by P41.7 billion or 15.6 percent on account of coupon payments and discounts from bond issuances of the government.

On the other hand, equity, subsidy, and MOOE contracted from their previous year's level. Equity was down by P45.2 billion or 98.4 percent due to the completion of the P45.0 billion equity infusion to Government Financial Institutions (GFIs) for their credit assistance and lending programs under the

Table 3. NG Disbursements for the Period January to July, 2021 and 2022
(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to July			
	2021	2022	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	1,905.2	2,087.3	182.0	9.6
Personnel Services	678.9	755.2	76.2	11.2
MOOE	456.4	444.7	(11.7)	(2.6)
Subsidy	94.4	75.0	(19.4)	(20.5)
Allotment to LGUs	388.7	483.0	94.3	24.3
IP	267.6	309.3	41.7	15.6
TEF	19.3	20.1	0.8	4.2
CAPITAL OUTLAYS	671.9	690.4	18.6	2.8
Infra and Other CO	499.4	554.9	55.5	11.1
Equity	46.0	0.7	(45.2)	(98.4)
Capital Transfers to LGUs	126.5	134.8	8.3	6.6
NET LENDING	6.6	19.4	12.8	194.5
TOTAL	2,583.7	2,797.1	213.4	8.3
Memo item:				
Infrastructure Disbursements ^{1/}	625.2	697.6	72.3	11.6

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

² Composed of the Annual Block Grant, Special Development Fund, and Share in Taxes, Fees and Charges collected in the Bangsamoro Autonomous Region.

Bayanihan II last year. Meanwhile, subsidy was lower by P19.4 billion or 20.5 percent mainly due to the timing of releases to the PHIC.

Lastly, the decline in MOOE was attributed to the timing of social assistance program payouts and the procurement of COVID-19 vaccines. The contraction was only partially offset by the expenditures of the Commission on Elections (COMELEC) for the conduct of the 2022 National and Local Elections (NLE), as well as the Department of Transportation (DOTr) for its Service Contracting Program and Fuel Subsidy Program.

Outlook for the Rest of the Year

As of end-July 2022, the remaining balance of this year’s P5,023.6 billion obligation program amounts to P327.5 billion³ or 6.5 percent. Additional releases are expected to be made in the coming months as line departments submit budget requests, complete the documentations required for release, and catch up on implementation before the year ends. For the month of August 2022 alone, a total of P85.4 billion worth of allotments have been issued per the allotment releases report⁴, which include the following big-ticket releases:

DEPARTMENT	PURPOSE	AMOUNT
DOTr	North-South Commuter Railway Project, Metro Manila Subway Project, and LRT Line 1 Cavite Extension	P32.0 billion
	Active Transport, Bike Share System, and Safe Pathways Program	P2.0 billion
	<i>Libreng Sakay</i> (Service Contracting Program)	P1.4 billion
DSWD	Targeted Cash Transfer (TCT) Program	P4.1 billion
	Additional fund for Assistance to Individuals in Crisis Situations (AICS)	P2.0 billion
	Emergency Shelter Assistance (ESA) for victims of Typhoon Odette in 2021	P1.6 billion
DPWH	Capital Outlays of DPWH, mostly those classified as For Later Release (FLR)	P7.1 billion
CHED	Implementation of the Universal Access to Tertiary Education Act (UAQTEA), including the Tertiary Education Subsidy (TES) and the <i>Tulong Dunong</i> Program (TDP)	P6.4 billion
DND	Revised AFP Modernization Program	P5.4 billion

Meanwhile, government expenditures which could support growth of disbursements for the remainder of the year include the requirements for the UAQTE program and other scholarship programs of the DepEd, CHED, and SUCs with the ongoing 2022-2023 academic or school year; billings from various completed/partially-completed infrastructure projects; creation and filling of positions in the DND, PNP, and DepEd; release of targeted subsidies such as the TCT Program of DSWD, and the implementation of the *Libreng Sakay* Program of the DOTr which was extended until December 31, 2022 per the President’s directive.

³ Gross of the releases made for the FY 2021 Continuing Appropriations, Unprogrammed Appropriations, and other Automatic Appropriations accommodated within the current year’s expenditure program per National Budget Circular No. 587.

⁴ Based on SARO Listing for the period August 1 to 31, 2022. Generated from the DBM eBudget System