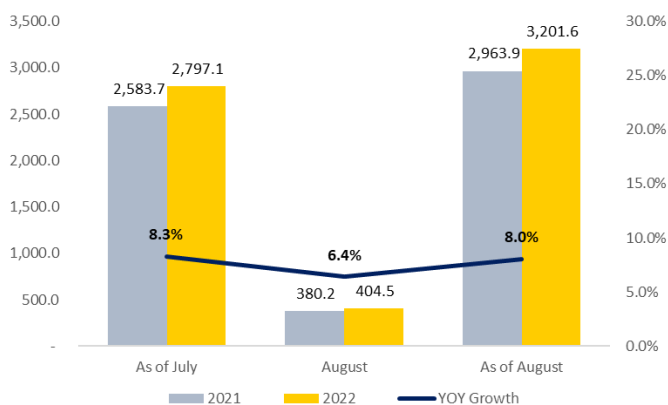


NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF AUGUST 2022

National Government (NG) spending for the month of August 2022 went up by P24.3 billion or 6.4 percent year-on-year to reach P404.5 billion. The expansion was mainly driven by higher capital transfers to LGUs and maintenance and other operating expenses (MOOE), but was moderated by lower subsidy and constructive receipts of cash (CRC) payments.¹ This brought the disbursements for the first eight months of the year to P3,201.6 billion, P237.7 billion or 8.0 percent more than last year's outturn.

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



In terms of use of disbursement authorities, NCA disbursements in August 2022 reached P359.6 billion, up by P31.0 billion or 9.5 percent year-on-year. Meanwhile, non-NCA disbursements amounted to P44.9 billion, down by P6.8 billion or 13.1 percent from last year due to lower CRC payments, net lending, and tax expenditures. Year-to-date, NCA disbursements were recorded at P2,650.6 billion, up by P215.8 billion or 8.9 percent, while non-NCA disbursements totaled to P551.0 billion, higher by P22.0 billion or 4.2 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 July				August				As of August			
	2021	2022	Inc/(Dec)		2021	2022	Inc/(Dec)		2021	2022	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	2,106.3	2,291.0	184.7	8.8	328.5	359.6	31.0	9.5	2,434.9	2,650.6	215.8	8.9
<i>% of Eff. NCA</i>	<i>88.3%</i>	<i>93.0%</i>			<i>108.6%</i>	<i>103.3%</i>			<i>90.5%</i>	<i>94.3%</i>		
Non-NCA	477.4	506.1	28.7	6.0	51.7	44.9	(6.8)	(13.1)	529.0	551.0	22.0	4.2
TOTAL	2,583.7	2,797.1	213.4	8.3	380.2	404.5	24.3	6.4	2,963.9	3,201.6	237.7	8.0
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
	As of July				August				As of August			
	2021	2,386.6			2021	302.6			2021	2,689.2		
	2022	2,464.1			2022	348.2			2022	2,812.3		
Allotment Releases												
As of August 2021	4,148.1	92.1% of the P4,506.0 billion obligation program										
As of August 2022	4,845.9	96.5% of the P5,023.6 billion obligation program										

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

Allotment Releases

Total allotment releases as of end-August 2022 amounted to P4,845.9 billion, equivalent to 96.5 percent of the P5,023.6 billion obligation program for the year. In August 2022 alone, some P85.4 billion worth of allotments have been issued, 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

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

DEPARTMENT	PURPOSE	AMOUNT
	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
	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

Year-on-Year Performance, by Expense Class

For the Month of August 2022

For the month of August 2022, NG disbursements posted at P404.5 billion, up by P24.3 billion or 6.4 percent year-on-year, mainly on account of the following expenditure items:

- Capital transfers to LGUs jumped to P40.8 billion, P26.2 billion or 179.8 percent more than the previous year's level. The timing of release of the special shares of LGUs in the proceeds of national taxes, specifically on tobacco excise tax, contributed to the substantial increase in capital transfers. To recall, this was originally programmed for release in June this year, but was already moved to the third quarter following the transition to the new Administration. Meanwhile, allotment to LGUs inched up by P1.6 billion or 2.3 percent and totaled to P68.7 billion. Despite the higher National Tax Allotment (NTA) shares of LGUs this year compared to the former Internal Revenue Allotment (IRA), the increase of allotment to LGUs was minimal owing to the non-recurring financial assistance for individuals and households affected by the imposition of the strictest quarantine level in the National Capital Region (NCR), Bataan, and Laguna in August last year.
- MOOE climbed to P75.4 billion, higher by P17.0 billion or 29.2 percent year-on-year. The increase was mostly on account of the implementation of the: i. Assistance to Individuals in Crisis Situations (AICS) and the Targeted Cash Transfer Program of the Department of Social Welfare and Development (DSWD); ii. the Rice Farmers Financial Assistance (RFFA) of the Department of Agriculture; iii. the release of cash allowance for teachers in preparation for the start of face-to-face classes in August this year; and iv. releases for the Free Higher Education Program for various SUCs. However, the growth of MOOE was slightly tempered by one-off expenditures, in

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

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	August			
	2021	2022	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	289.7	289.9	0.2	0.1
Personnel Services	92.7	95.9	3.2	3.4
MOOE	58.4	75.4	17.0	29.2
Subsidy	42.4	15.5	(26.8)	(63.3)
Allotment to LGUs	67.1	68.7	1.6	2.3
IP	23.9	30.8	6.8	28.6
TEF	5.2	3.6	(1.6)	(30.2)
CAPITAL OUTLAYS	85.7	114.5	28.8	33.6
Infra and Other CO	70.9	73.7	2.7	3.8
Equity	0.2	0.1	(0.1)	(50.9)
Capital Transfers to LGUs	14.6	40.8	26.2	179.8
NET LENDING	4.8	0.0	(4.7)	(99.7)
TOTAL	380.2	404.5	24.3	6.4

particular the direct payments made by foreign lending institutions for the procurement of COVID-19 vaccines in August last year.

- Interest payments rose to P30.8 billion, P6.8 billion or 28.6 percent higher year-on-year due to the timing of coupon payments for Global Bonds. The schedule of payment fell on August 1 this year compared to July in the previous year.
- Personnel services (PS) expenditures grew by P3.2 billion or 3.4 percent and amounted to P95.9 billion. This was credited largely to the implementation of the third tranche of the Salary Standardization Law (SSL) V, but the growth of PS expenses was dampened by the timing of releases for the COVID-19 Special Risk Allowance (SRA) for the health care workers of the Department of Health (DOH) and the Performance Based Bonus (PBB) of the Department of National Defense (DND) which were made in August last year. For this year, most of the releases for SRA and PBB were taken up in the earlier months.
- Infrastructure and other capital outlays went up by P2.7 billion or 3.8 percent to reach P73.7 billion. The uptick resulted from the faster implementation of infrastructure projects and other construction activities per the directive of Secretary Manuel Bonoan to meet the spending targets of the department for the year. Processing of payments for Right-of-Way claims nationwide also contributed to the higher infrastructure outlays in August this year. However, one-off CRC payments in the same month last year for various railway projects of the Department of Transportation (DOTr), namely the Metro Manila Subway Project, the Malolos-Clark Railway Project, and the Metro Rail Transit (MRT) Line 3 Rehabilitation Project; and the payments for some completed capital outlays projects, such as the Smart Campuses Program in SUCs and the aviation sector infrastructure projects of the DOTr, partially offset the growth recorded in infrastructure expenditures.

Meanwhile, the following expenses posted lower year-on-year growth rates and moderated the expansion of overall disbursements for August 2022:

- Subsidy support to government corporations declined to P15.5 billion, lower by P26.8 billion or 63.3 percent owing to the timing of requests/releases to the Philippine Health Insurance Corporation (PHIC) and the National Housing Authority (NHA). The payment of prior years' accounts payable of the National Irrigation Administration (NIA) in August last year also contributed to the decline in subsidy.
- Net lending fell by P4.7 billion sans substantial availment by GOCCs for NG advances in August 2022. This is in contrast to the previous year when almost the same amount was released to the National Food Authority (NFA) for the payment of its maturing long-term loans.
- Tax expenditures decreased by P1.6 billion or 30.2 percent due to lower recorded documentary stamp taxes on government securities.

For the Period January to August 2022

As of end-August 2022, NG spending totaled to P3,201.6 billion, higher by P237.7 billion or 8.0 percent year-on-year. The significant growth of disbursements for the eight-month period was mainly attributed to the larger transfers to LGUs, which grew by P130.4 billion or 21.8 percent due to the higher NTA and allocations² to the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).

Other expenditures which drove spending for the period include PS expenditures (up by P79.4 billion or 10.3 percent), infrastructure and other capital outlays (up by P58.2 billion or 10.2 percent), interest payments (up by P48.6 billion or 16.7 percent), net lending (up by P8.1 billion or 71.2 percent), and MOOE (up by P5.3 billion or 1.0 percent).

Meanwhile, subsidy and equity were lower compared to the level recorded in 2021. Subsidy declined by P46.2 billion or 33.8 percent year-on-year attributed mainly to the programming of releases to the PHIC. In the previous year, more than half of the releases were made in the first semester of 2021, while for this year, releases skew towards the latter half.

On the other hand, equity decreased by P45.4 billion or 98.2 percent mainly on account of the completion of the one-time release of P45.0 billion equity infusion to Government Financial Institutions (GFIs) for their credit assistance and lending programs under the *Bayanihan II* in the previous year.

Outlook for the Rest of the Year

As of August 31, 2022, only P177.7 billion³ or 3.5 percent of this year's P5,023.6 billion obligation program remains to be released. Of this amount, P145.8 billion pertain to allocations under the Special Purpose Funds (SPFs) which consists largely of the Pension and Gratuity Fund or PGF (P70.9 billion), Allocation to Local Government Units (P41.8 billion), Budgetary Support to GOCCs (P15.4 billion), and National Disaster Risk Reduction and Management Fund or NDRRMF (P10.1 billion). The PGF is expected to be further utilized by various agencies in the succeeding months in view of the requests for release of pension and retirement and terminal leave benefits of their employees.

Relatedly, based on the preliminary report of allotment releases,⁴ some P230.0 billion worth of allotments have been issued in September 2022, which include the following big-ticket items:

DEPARTMENT	PURPOSE	AMOUNT
BTr	FY 2022 Debt Interest Payment	P159.4 billion
	FY 2022 Net Lending	P13.0 billion

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

Expenditure Class	January to August			
	2021	2022	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	2,194.9	2,377.2	182.3	8.3
Personnel Services	771.7	851.1	79.4	10.3
MOOE	514.8	520.1	5.3	1.0
Subsidy	136.7	90.5	(46.2)	(33.8)
Allotment to LGUs	455.8	551.7	95.9	21.0
IP	291.5	340.1	48.6	16.7
TEF	24.5	23.7	(0.8)	(3.1)
CAPITAL OUTLAYS	757.6	805.0	47.4	6.3
Infra and Other CO	570.4	628.6	58.2	10.2
Equity	46.2	0.8	(45.4)	(98.2)
Capital Transfers to LGUs	141.0	175.5	34.5	24.5
NET LENDING	11.3	19.4	8.1	71.2
TOTAL	2,963.9	3,201.6	237.7	8.0
Memo item:				
Infrastructure Disbursements ^{1/}	717.6	788.7	71.0	9.9

^{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.

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 September 1 to 30, 2022. Generated from the DBM eBudget System

DEPARTMENT	PURPOSE	AMOUNT
DND	4 th Quarter Pension	P13.9 billion
PNP	4 th Quarter Pension	P10.9 billion

Meanwhile, higher disbursements are anticipated in September 2022 as agencies try to catch up with their respective spending plans and utilize their remaining NCAs before they lapse at the end of the quarter. Based on preliminary bank data, NCA disbursements⁵ likely expanded by at least 10.0 percent from the outturns for the same month last year to support the growth of total spending. This compares to the 7.8 percent increase in NCA disbursements in July and 9.5 percent in August. Among the expenditures items that propelled this strong performance were the infrastructure projects of the DPWH, subsidy releases to the PHIC for the National Health Insurance Program (NHIP), as well as the NTA of LGUs.

⁵ Exclude non-NCA disbursements, such as interest payments, net lending, and constructive receipts of cash (CRC) or the direct payments made by lending institutions to suppliers.