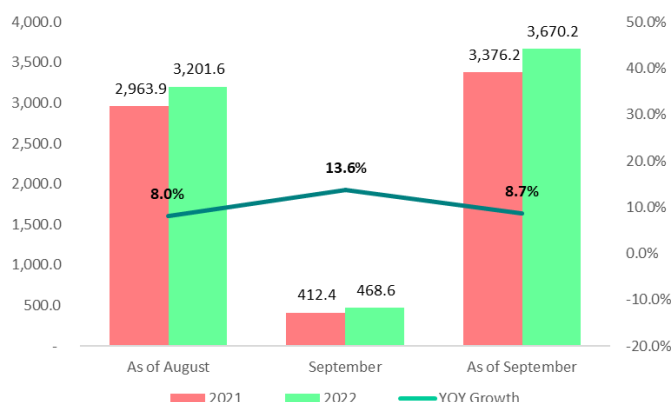


NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF SEPTEMBER 2022

National Government (NG) disbursements for the month of September 2022 soared to P468.6 billion, P56.2 billion or 13.6 percent higher year-on-year mainly due to larger transfers to LGUs, infrastructure and other capital outlays, subsidy support to government corporations, and interest payments. This led to a strong expenditure outturn for the first nine months of the year, increasing by P293.9 billion or 8.7 percent from the previous year's level to reach P3,670.2 billion.

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



Disbursements as of end-September 2022, however, were lower than the P3,739.9 billion program for the period by P69.7 billion or 1.9 percent, which was largely on account of the timing of releases to the Philippine Health Insurance Corporation (PHIC) as well as the slower-than-expected capital expenditures (*see the actual vs program discussions*). Nonetheless, this spending gap vis-à-vis the program slightly narrowed down from the P75.4 billion (3.0 percent) variance recorded as of the first semester, which could signal the gradual catching up of agency disbursement performance post-elections.

With respect to disbursement authorities, NCA disbursements for the month of September 2022 jumped to P387.2 billion, up by P41.9 billion or 12.1 percent from a year ago owing to higher capital outlays, National Tax Allotment (NTA) of LGUs, and subsidy to government corporations. The amount is equivalent to 120.8 percent of the P320.4 billion NCAs issued for September, indicating that some unutilized cash allocations in the earlier months of Q3 were negotiated by end of the quarter.

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

(Amount in billion pesos, unless otherwise indicated)

Particulars	As of August				September				As of September			
	2021	2022	Inc/(Dec)		2021	2022	Inc/(Dec)		2021	2022	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	2,434.9	2,650.6	215.8	8.9	345.3	387.2	41.9	12.1	2,780.2	3,037.8	257.6	9.3
<i>% of Eff. NCA</i>	<i>90.5%</i>	<i>93.9%</i>			<i>119.3%</i>	<i>120.8%</i>			<i>93.3%</i>	<i>96.7%</i>		
Non-NCA	529.0	551.0	22.0	4.2	67.1	81.4	14.4	21.4	596.1	632.4	36.3	6.1
TOTAL	2,963.9	3,201.6	237.7	8.0	412.4	468.6	56.2	13.6	3,376.2	3,670.2	293.9	8.7

Memo Item

Effective NCAs issued net of Trust Liabilities, Gross of Working Fund

As of August

2021 2,689.2

2022 2,821.5

September

2021 289.3

2022 320.4

As of September

2021 2,978.5

2022 3,142.0

Allotment Releases^{1/}

As of September 2021 4,346.2 96.5% of the P4,506.0 billion obligation program

As of September 2022 5,014.8^{2/} 95.6% of the P5,243.8 billion obligation program^{3/}

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

^{1/} Based on the Status of Allotment Releases available at <https://www.dbm.gov.ph/index.php/programs-projects/status-of-allotment-releases>.

^{2/} Includes additional program releases coming from the Unprogrammed Appropriations and Other Automatic Appropriations.

^{3/} Refers to the adjusted program which includes additional program releases coming from the Unprogrammed Appropriations and Other Automatic Appropriations.

Meanwhile, Non-NCA disbursements went up by P14.4 billion or 21.4 percent to reach P81.4 billion mainly due to higher interest payments. Year-to-date, NCA disbursements amounted to P3,037.8 billion, P257.6 billion or 9.3 percent more than the level for the same period last year. On the other hand, Non-NCA disbursements totaled to P632.4 billion, up by P36.3 billion or 6.1 percent year-on-year.

Allotment Releases

As of end-September 2022, total allotment releases posted at P5,014.8 billion, equivalent to 95.6 percent of the P5,243.8 billion adjusted obligation program for the year. Releases for the month of September 2022 amounted to P230.0 billion, consisted largely of the following big-ticket allotments:

DEPARTMENT	PURPOSE	AMOUNT
DOF-BTr	FY 2022 Debt Interest Payments	P159.4 billion
	FY 2022 Net Lending	P13.0 billion
DND	4 th Quarter Pension	P13.9 billion
PNP	4 th Quarter Pension	P10.9 billion

Year-on-Year Performance, by Expense Class

For the Month of September 2022

NG spending for the month of September 2022 rose to P468.6 billion, P56.2 billion or 13.6 percent higher than the level recorded a year ago. The strong disbursement performance for the period was attributed to the following:

- Combined allotment and capital transfers to LGUs amounted to P95.8 billion, higher by P28.9 billion or 43.2 percent year-on-year. This was credited to the higher National Tax Allotment (NTA) of LGUs (formerly Internal Revenue Allotment or IRA) with the first year of implementation of the Supreme Court decision on the *Mandanas-Garcia* petitions. Moreover, the releases for the Local Government Support Fund – Support to the Barangay Development Program (LGSF-SBDP), and the timing of releases for the special shares of LGUs in the proceeds of national taxes, specifically on tobacco excise tax, resulted in higher transfers to LGUs in September 2022.
- Infrastructure and other capital outlays surged to P99.1 billion, increasing by P28.0 billion or 39.3 percent more than the level recorded a year ago. The growth was largely due to the sizeable disbursements of the Department of Public Works and Highways (DPWH) for completed/partially completed road infrastructure projects. Releases for the Active Transport Bike Share System and Safe Pathways Program in Metropolitan Areas Project of the Department of Transportation (DOTr) also contributed to the higher capital expenditures in September 2022.
- Subsidy support to government corporations grew to P23.7 billion, up by P14.5 billion or 158.2 percent year-on-year mainly on account of the releases for the National Health Insurance Program (NHIP) of the Philippine Health Insurance Corporation (PHIC), Infrastructure Development Program of the Bases Conversion and Development Authority (BCDA), Missionary

Table 2. NG Disbursements for the Month of September 2022

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	September			
	2021	2022	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	325.0	342.7	17.6	5.4
Personnel Services	110.2	112.1	1.9	1.7
MOOE	100.8	73.0	(27.8)	(27.6)
Subsidy	9.2	23.7	14.5	158.2
Allotment to LGUs	51.9	69.8	17.8	34.4
IP	47.9	59.9	12.0	25.2
TEF	5.1	4.3	(0.8)	(16.5)
CAPITAL OUTLAYS	86.7	125.3	38.6	44.6
Infra and Other CO	71.2	99.1	28.0	39.3
Equity	0.5	0.1	(0.4)	(84.5)
Capital Transfers to LGUs	15.0	26.1	11.1	74.0
NET LENDING	0.7	0.6	(0.1)	(9.5)
TOTAL	412.4	468.6	56.2	13.6

Electrification Program of the National Power Corporation (NPC), and Fisheries Infrastructure Development Program of the Philippine Fisheries Development Authority.

- Interest payments reached P59.9 billion, P12.0 billion or 25.2 percent more year-on-year with the coupon payments for December 2021 and FY 2022 Retail Treasury Bonds issuances, and for Global Bonds and foreign exchange fluctuations.

Meanwhile, maintenance and other operating expenditures (MOOE) contracted by P27.8 billion or 27.6 percent and ended up at P73.0 billion. This is largely due to the timing of releases for the *Pantawid Pamilyang Pilipino* Program (4Ps) of the Department of Social Welfare and Development (DSWD), with the payouts credited to the Land Bank of the Philippines (LBP) on the last day of September 2022 and hence, disbursements will likely be made in the October 2022. The delays in the crediting of payouts were mainly attributed to the validation of compliance of eligible beneficiaries with the conditions of the program. Decreases were also recorded in the DOTr owing to the releases made for the Public Utility Vehicle (PUV) Service Contracting in September 2021, and in the Commission on Elections (COMELEC) for expenditures related to the preparatory activities for the 2022 National and Local Elections (NLE) conducted in the same period last year.

For the Period January to September 2022

NG disbursements as of end-September 2022 climbed to P3,670.2 billion, increasing by P293.9 billion or 8.7 percent year-on-year. The robust spending performance was driven largely by the higher transfers to LGUs, infrastructure and other capital outlays, personnel services expenses, interest payments, and net lending:

- Combined allotment and capital transfers to LGUs (up by P159.3 billion or 24.0 percent y-o-y) with the higher NTA shares of LGUs, and releases for the special shares of LGUs in the proceeds of national taxes;
- Infrastructure and other capital outlays (up by P86.2 billion or 13.4 percent y-o-y) owing to the implementation of road infrastructure projects nationwide by the DPWH, capital outlay projects under the Revised Armed Forces of the Philippines Modernization Program (RAFMP) of the Department of National Defense (DND), and direct payments made to suppliers by development partners for the implementation of Foreign-Assisted Projects (FAPs) of the DOTr, such as the Metro Manila Subway Project Phase 1, Malolos-Clark Railway Project, and Maritime Safety Capability Project (DOTr-Philippine Coast Guard);
- PS expenditures (up by P81.3 billion or 9.2 percent y-o-y) owing to the implementation of the third tranche of the Salary Standardization Law (SSL V), higher releases for pension and retirement claims of the DND and the Department of the Interior and Local Government (DILG), performance-based bonus (PBB) and filling up of positions in various agencies;
- Interest payments (up by P60.6 billion or 17.9 percent y-o-y) on account of the coupon payment for bonds issued in various years including Global Bonds, as well as foreign exchange fluctuations and new loan availments from international financial institutions; and
- Net lending (up by P8.0 billion or 66.7 percent y-o-y) largely due to the NG advances to the National Food Authority (NFA) and Light Rail Transit Authority (LRTA), as well as minimal repayments from GOCCs.

However, the growth recorded for the nine-month period was partially offset by the decline in equity, subsidy, and MOOE. Equity went down by P45.8 billion or 98.0 percent due to the completion of the one-time release of capital infusions to Government Financial Institutions (GFIs) in February last year for their credit assistance and lending programs under the *Bayanihan* II. Subsidy fell by P31.6 billion or 21.7 percent as the majority of the releases to the PHIC for 2022 are expected to be credited in the latter months of the year (*see actual vs program discussions*). Lastly, MOOE was down by P22.5 billion or 3.7 percent mainly attributed due to the timing of releases for the 4Ps of DSWD as earlier discussed, as well as the completed payments for procurement of COVID-19 vaccines in 2021.

Table 4. NG Disbursements for the Period January to September, 2021 and 2022

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to September						
	2021 Actual	2022		Variance		Increase/(Decrease)	
		Program ^{1/}	Actual	Amt	%	Amt	%
CURRENT OPERATING EXP.	2,519.9	2,750.1	2,719.9	(30.3)	(1.1)	199.9	7.9
Personnel Services	881.8	955.8	963.1	7.4	0.8	81.3	9.2
MOOE	615.6	602.9	593.1	(9.8)	(1.6)	(22.5)	(3.7)
Subsidy	145.9	148.3	114.3	(34.0)	(22.9)	(31.6)	(21.7)
Allotment to LGUs	507.7	620.2	621.5	1.3	0.2	113.7	22.4
IP	339.3	411.8	400.0	(11.9)	(2.9)	60.6	17.9
TEF	29.6	11.2	28.0	16.8	149.3	(1.6)	(5.4)
CAPITAL OUTLAYS	844.3	969.5	930.2	(39.2)	(4.0)	86.0	10.2
Infra and Other CO	641.5	758.9	727.7	(31.2)	(4.1)	86.2	13.4
Equity	46.7	12.0	0.9	(11.1)	(92.3)	(45.8)	(98.0)
Capital Transfers to LGUs	156.0	198.6	201.6	3.0	1.5	45.6	29.2
NET LENDING	12.0	20.2	20.0	(0.2)	(1.0)	8.0	66.7
TOTAL	3,376.2	3,739.9	3,670.2	(69.7)	(1.9)	293.9	8.7
Memo Item							
Infra Disbursements ^{2/}	807.5	928.5	911.6	(16.9)	(1.8)	104.1	12.9

^{1/} FY 2022 Quarterly Fiscal Program approved by the DBCC during its meeting held on May 24, 2022.

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

Actual vs Program Disbursements

When compared to the P3,739.9 disbursement program for the first nine months of 2022, disbursements were lower by P69.7 billion or 1.9 percent. The variance was accounted largely by the following expenditure items:

- Subsidy support to government corporations fell short of the P148.3 billion program by P34.0 billion or 22.9 percent. This was largely due to the timing of releases to the PHIC as the bulk of the subsidy for 2022 was originally programmed in the first semester of the year, but requests from the PHIC were only received in May due to the ongoing validation of enrollees at that time. Hence, actual releases were only made towards the second semester. Meanwhile, subsidies to other GOCCs, as in the case of Philippine Crop Insurance Corporation (PCIC), National Electrification Administration (NEA), Tourism Promotions Board (TPB), are yet to be released either due to ongoing evaluation of requests or delayed submission of special budget requests and pertinent supporting documents (e.g., progress billings, listing of beneficiaries) by the concerned GOCC. Nevertheless, releases are expected to be made this current quarter as the

volume of requests and submissions of documentary requirements from concerned GOCCs are gradually increasing in view of the November 15, 2022 deadline to submit requests for additional funds or cash allocations pursuant to National Budget Circular (NBC) No. 587 dated January 3, 2022, or the Guidelines on the Release of Funds for FY 2022.

- Infrastructure and other capital outlays were below the P758.9 billion program by P31.2 billion or 4.1 percent. This was mainly attributed to the unintended delays brought about by the election ban on public works during the earlier part of the year relating to the conduct of the May 2022 NLE, as in the case of the Health Facilities Enhancement Program (HFEP) of the Department of Health (DOH). Furthermore, the DPWH cited the following factors that affected the slower-than-expected disbursements for the period – i) modification of projects, ii) unsettled right-of-way problems, iii) intermittent weather conditions, and iv) delays in the submission of progress billings with complete documentary requirements by contractors. Similarly, the request of the Philippine Coast Guard (PCG) for the acquisition of watercrafts is still for evaluation, while its request for acquisition of aircrafts was returned due to some issues encountered during procurement. Meanwhile, pending deliveries from suppliers/contractors for various capital outlay projects have also resulted in lower-than-programmed disbursements.

Nevertheless, infrastructure and other capital outlays have since picked up in the third quarter, exceeding the program for the period by P20.3 billion (8.8 percent), from the P51.4 billion (9.7 percent) gap in the first semester as a result of catch-up spending. Furthermore, measures were already being undertaken to fast-track the implementation of said projects. For instance, the DOH has been closely coordinating with their concerned operating units and providing them with assistance in resolving documentation requirements or issues. The review of current processes and existing systems is also ongoing with the end goal of improving fund utilization. On the other hand, the DPWH has committed to accelerate implementation of its infrastructure projects in the current quarter as per the directive of Secretary Manuel Bonoan to meet their spending target for the year. Concerned departments have also been working closely with its suppliers/contractors to expedite the delivery of items.

- Interest payments were lower than the P411.8 billion program by P11.9 billion or 2.9 percent due to the rejection and lower actual rates of Treasury Bills, the settlement of the premium of Fixed Rate Treasury Bonds from reissued series, and lower actual foreign exchange fluctuations and LIBOR/SOFR being lower than programmed.
- Equity was behind the P12.0 billion program by P11.1 billion or 92.3 percent largely due to P10.0 billion equity infusion to the *Bangko Sentral ng Pilipinas* (BSP). This was programmed for the first semester of 2022 but is yet to be credited pending the opening of a Modified Disbursement Scheme (MDS) account for the purpose.
- Maintenance spending was also lower than the P602.9 billion program by P9.8 billion or 1.6 percent. This was mainly due to the delays in the processing of payouts for the 4Ps of the DSWD, particularly for the Modified Conditional Cash Transfer (MCCT) Program as a result of the validation procedures vis-à-vis the *Listahanan 3*. Meanwhile, the Department of Labor and Employment (DOLE) reported that the implementation of some of its livelihood and emergency programs, which were mainly subsidies and were implemented in partnership with LGUs, was similarly affected by the election ban during the earlier part of the year. The slower-than-expected maintenance spending may also be attributed to pending deliveries from various suppliers/contractors for items such as supplies and materials.

Both departments cited their ongoing efforts to address the delays encountered such as, expediting the validation of MCCT beneficiaries against the *Listahanan* 3 as in the case of the DSWD, and coordinating and monitoring of program implementation with partner LGUs for the DOLE. Meanwhile, concerned departments are also working with their suppliers/contractors to fast track the delivery of pending items.

On the other hand, tax expenditures and personnel services expenses were greater than the program by P16.8 billion and P7.4 billion, respectively. Tax expenditures exceeded the program mostly due to the documentary stamp taxes in connection with the debt instruments issued by the government to help finance the budget. Meanwhile personnel services were above the program due to faster fill-up rates and creation of positions in various departments, and releases for the FY 2020 performance-based bonus (PBB) of qualified departments and their respective employees.

Similarly, allotment and capital transfer to LGUs surpassed the program by a combined amount of P4.3 billion (0.5 percent) owing to the releases made to the BARMM for its share in taxes, fees, and charges collected in the Bangsamoro Autonomous Region.

Outlook for the Rest of the Year

As of September 30, 2022, the balance from the P5,243.8 billion adjusted obligation program for the year amounts to P228.9 billion or just 4.4 percent.¹ This is composed mainly of some P74.4 billion agency specific budget and P101.4 billion Special Purpose Funds (SPFs). The release of said balance is subject to the submission of special budget requests and pertinent supporting documents.

Meanwhile, the balance from the disbursement program for the remainder of the year amounts to P1,284.4 billion or 25.9 percent of the P4,954.6 billion full-year program. Spending is expected to pick up towards the latter part of the quarter as line departments submit budget requests, complete the documentations required for its release, and catch up on implementation before the year ends. As previously discussed, line departments have until November 15 to submit their requests for the release of additional funds and/or cash allocations as reiterated under Circular Letter (CL) No. 2022-13 dated October 19, 2022 and pursuant to NBC No. 587. Exempted from this deadline are mandatory expenditures, such as personnel services deficiencies, and other priority expenses such as COVID-19 measures and disaster mitigation projects/programs.

The government is upbeat that the disbursement program for the year will likely be met, as spending performance by line departments/agencies continues to gather pace this current quarter. The program could also be exceeded with upside factors coming from i) additional releases made for the Targeted Cash Transfer (TCT) Program of the DSWD, COVID-19 benefits of qualified public and private health workers under the DOH, and priority programs of the Department of Agriculture (DA), ii) catching-up of infrastructure and other capital outlays from various construction activities and road infrastructure projects being implemented by the DPWH nationwide, iii) transfers to LGUs, iv) additional releases for the RAFPMP of the DND, and iv) regular expenditures, such as remaining subsidies to government corporations and PS requirements (e.g., year-end bonus and cash gift). Meanwhile, possible downside factors that would slow down disbursements are: i) weather-related disturbances which could affect the implementation of infrastructure-related activities, and ii) procurement and payment processing issues, such as delays in the submission of progress billings and other documentary requirements.

¹ The P5,243.8 billion obligation program refers to the adjusted program which includes additional program releases coming from the Unprogrammed Appropriations and Other Automatic Appropriations. Based on the Status of Allotment Releases (as of September 31, 2022) available at <https://www.dbm.gov.ph/index.php/programs-projects/status-of-allotment-releases/218-dbm-releases/status-of-allotment-releases>.