

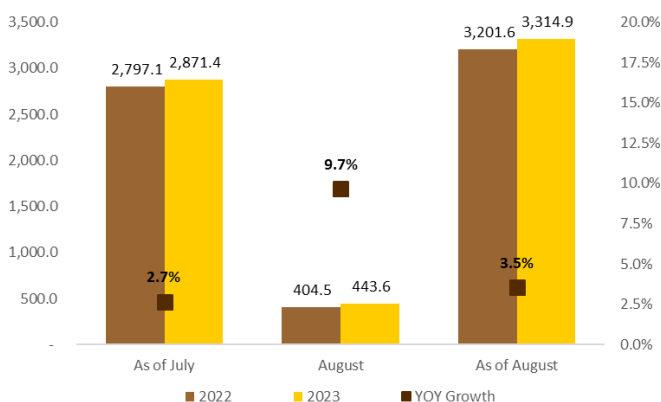
NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF AUGUST 2023

National Government (NG) disbursements for the month of August 2023 grew by 9.7 percent to reach P443.6 billion owing mainly to higher infrastructure and other capital outlays, personnel services (PS) expenditures, and interest payments. Thus, spending for the year, as of end-August, climbed to P3,314.9 billion, sustaining its increasing trajectory – from a nearly flat 0.4 percent growth during the first semester, the rate of increase quickened to 2.7 percent as of end-July and to 3.5 percent during the period ending August.

Figure 1. National Government Disbursements

Amounts in billion pesos, unless otherwise indicated



In terms of disbursement authorities, Notice of Cash Allocation (NCA) or cash disbursements in August 2023 amounted to P383.2 billion, up by P23.7 billion or 6.6 percent year-on-year due to higher capital outlays, PS, and subsidy. This represented nearly 103.0 percent of the NCAs credited in August which was even higher than the rate recorded in the same month last year, indicating that line departments are speeding up the utilization of their cash allocations and gradually catching-up with their spending commitments. Non-NCA disbursements, on the other hand, increased by P15.4 billion or 34.4 percent year-on-year to reach P60.3 billion, resulting mostly from higher interest payments and constructive receipts of cash payments¹. Year-to-date, NCA disbursements reached P2,712.2 billion, P61.6 billion or 2.3 percent more year-on-year, while non-NCA disbursements totaled P602.7 billion, P51.8 billion or 9.4 percent more than the outturns for the comparable period in the previous year.

Table 1. Comparison of NCA and Non-NCA Disbursements, 2022-2023

(Amount in billion pesos, unless otherwise indicated)

Particulars	As of July				August				As of August			
	2022	2023	Inc/(Dec)		2022	2023	Inc/(Dec)		2022	2023	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	2,291.0	2,329.0	38.0	1.7	359.6	383.2	23.7	6.6	2,650.6	2,712.2	61.6	2.3
<i>% of Eff. NCA</i>	<i>93.0%</i>	<i>94.7%</i>			<i>100.6%</i>	<i>102.9%</i>			<i>93.9%</i>	<i>95.8%</i>		
Non-NCA	506.1	542.4	36.3	7.2	44.9	60.3	15.4	34.4	551.0	602.7	51.8	9.4
TOTAL	2,797.1	2,871.4	74.3	2.7	404.5	443.6	39.1	9.7	3,201.6	3,314.9	113.4	3.5
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
	As of July				August				As of August			
	2022	2,464.1			2022	357.5			2022	2,821.5		
	2023	2,458.2			2023	372.5			2023	2,830.8		
Allotment Releases ^{1/}												
As of August 2022		4,845.9 ^{2/}	96.5% of the P5,023.6 billion obligation program									
As of August 2023		5,019.7 ^{2/}	95.3% of the P5,268.0 billion obligation program									

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 other releases coming from the Prior Year's Continuing Appropriations, Unprogrammed Appropriations, and Other Automatic Appropriations.

¹ Direct payments made to suppliers by development partners for the implementation of foreign-assisted projects.

Allotment Releases

As of August 31, 2023, total allotment releases amounted to P5,019.7 billion, equivalent to 95.3 percent of the P5,268.0 billion obligation program for the year. For the month of August 2023, substantial releases include the following:

DEPARTMENT/GOCC	PURPOSE	AMOUNT (In billion pesos)
Department of Transportation (DOTr)	To cover the loan proceeds of various foreign-assisted projects (LRT 1 Cavite Extension Project, Metro Manila Subway Project Phase I, and MRT 3 Rehabilitation Project)	P26.8
	To cover the payment of right-of-way expenses for the implementation of the Metro Manila Subway Project Phase I	P1.7
Department of Education (DepEd)	PS requirements, mostly to cover the grant of FY 2021 Performance-Based Bonus of qualified officials and employees	P10.3
Department of Public Works and Highways (DPWH)	Various capital outlays nationwide	P2.9
Department of National Defense (DND)	Revised AFP Modernization Program (RAFPMP)	P2.6
Commission on Higher Education (CHED)	To cover the funding requirements for the implementation of the Student Monetary Assistance for Recovery and Transition Program	P1.0

Year-on-Year Performance, by Expense Class

For the Month of August 2023

NG spending for the month of August 2023 jumped to P443.6 billion, higher by P39.1 billion or 9.7 percent year-on-year. Expenditure items which exhibited positive growth rates are as follows:

- Infrastructure and other capital outlays surged to P122.1 billion, significantly increasing by P48.5 billion or 65.8 percent year-on-year. This was largely attributed to the disbursements made by the DPWH for its completed projects nationwide, such as national roads and bridges, infrastructure projects, flood control projects, convergence programs, and payment of right-of-way

claims. The other huge capital expenditures in August 2023 include the Health Facilities Enhancement Program of the Department of Health, as well as the direct payments made by development partners for the rail transport projects of the DOTr, specifically the Malolos-Clark Railway Project and the South Commuter Railway Project.

Table 2. NG Disbursements for the Month of August, 2022 and 2023

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	August			
	2022 ^{1/}	2023	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	289.9	307.2	17.3	6.0
Personnel Services	95.9	109.7	13.8	14.4
MOOE	75.4	73.5	(1.9)	(2.5)
Subsidy	15.5	18.9	3.4	21.8
Allotment to LGUs	68.7	60.2	(8.5)	(12.3)
IP	30.8	42.7	11.9	38.7
TEF	3.6	2.1	(1.5)	(41.1)
CAPITAL OUTLAYS	114.5	137.4	22.8	19.9
Infra and Other CO	73.7	122.1	48.5	65.8
Equity	0.1	0.0	(0.1)	(97.2)
Capital Transfers to LGUs	40.8	15.2	(25.5)	(62.6)
NET LENDING	0.0	(1.0)	(1.0)	(7,792.3)
TOTAL	404.5	443.6	39.1	9.7

^{1/} Adjusted based on the full-year 2022 BTr Cash Operations Report (COR).

The increase, however, was partly tempered by lower capital outlay disbursements posted in the DND, largely due to the timing of releases for their RAFPMP. Some big-ticket releases were made in August last year; but for this year, the schedule is mostly expected towards the last quarter.

- PS expenditures climbed to P109.7 billion, higher by P13.8 billion or 14.4 percent year-on-year, mainly on account of the release of the FY 2021 Performance-Based Bonus of the eligible school-based personnel of the DepEd, as well as the higher base pay of government workers by virtue of the implementation of the fourth tranche of the Salary Standardization Law V.
- Interest payments increased to P42.7 billion, P11.9 billion or 38.7 percent larger year-on-year due to coupon payments for issuances of retail treasury bonds this year and fixed rate treasury bonds/benchmark bonds in 2022, as well as the impact of higher domestic and foreign interest rates.
- Subsidy support to government corporations grew to P18.9 billion, up by P3.4 billion or 21.8 percent year-on-year. This was credited to the releases for the National Health Insurance Program of the Philippine Health Insurance Corporation, as well as the housing projects and assistance programs of the National Housing Authority.

Meanwhile, the contraction in the following expenditures moderated the growth of disbursements in August 2023:

- Combined allotment and capital transfers to LGUs declined to P75.5 billion, down by P34.0 billion or 31.1 percent mainly on account of the lower National Tax Allotment (NTA) of LGUs². Transfers to LGUs were also lower year-on-year sans the releases of the shares of LGUs in the proceeds of the tobacco excise tax in August last year, and the releases for the Local Government Support Fund – Growth Equity Fund pending the approval of this year’s guidelines.
- Maintenance and other operating expenses (MOOE) amounted to P73.5 billion, slightly lower by P1.9 billion or 2.5 percent year-on-year due to the change in the timing of payments made by CHED for the Tertiary Education Subsidy under the Universal Access to Quality Tertiary Education Program, and the releases to the Department of Agriculture for the Rice Farmer Financial Assistance (RFFA). In the previous year, disbursements for these two programs were taken up in August. In contrast this year, education-related grants/subsidies under the CHED and other education sector agencies (e.g., DepEd, State Universities and Colleges) are expected to begin this fourth quarter following the start of the 2023-2024 school/academic year in late August or early September. Similarly, the P12.1 billion RFFA to be implemented by the DA is programmed this fourth quarter.

The decrease in maintenance spending was slightly offset by the payment of Public Health Emergency Benefits and Allowance (PHEBA) for non-plantilla healthcare workers (HCWs) and non-HCWs in LGUs/private sector, as well as the implementation of the Medical Assistance for Indigent Patients Program (MAIP) of the Department of Health (DOH).

- Tax expenditures amounted to P2.1 billion, decreasing by P1.5 billion or 41.1 percent year-on-year due to lower documentary stamp taxes on government securities.

² The tax revenue base, from which the NTA shares of LGUs in 2023 is determined, was the actual tax collections in 2020. Due to the impact of the economic and mobility restrictions at the height of the pandemic, tax revenue collections in 2020 contracted by P323.4 billion or 11.4 percent from the actual outturns in 2019.

- Net lending was also lower year-on-year by P1.0 billion as a result of the repayment of NG advances by the Home Guaranty Corporation.

For the Period January to August 2023

NG expenditures for the first eight months of the year reached P3,314.9 billion, growing by P113.4 billion or 3.5 percent year-on-year. Infrastructure spending continued to propel disbursement growth for the year, increasing by P119.2 billion or 19.2 percent year-on-year to reach P740.3 billion. This was mainly due to the robust spending performance of the DPWH, which they attributed to their accelerated project implementation, particularly for road and bridge network development program, as well as the closer monitoring of construction works/activities and expedited processing of billings by their implementing offices. The direct payments made by foreign creditors of the DOTr for their foreign-assisted rail transport projects also contributed to the higher infrastructure and other capital outlays for the period.

Table 3. NG Disbursements for the Period January to August, 2022 and 2023
(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to August			
	2022 ^{1/}	2023	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	2,384.6	2,419.7	35.1	1.5
Personnel Services	850.7	881.6	30.9	3.6
MOOE	519.9	542.4	22.6	4.3
Subsidy	98.6	115.9	17.3	17.5
Allotment to LGUs	551.7	474.4	(77.3)	(14.0)
IP	340.1	388.7	48.6	14.3
TEF	23.7	16.8	(6.9)	(29.2)
CAPITAL OUTLAYS	797.5	879.8	82.3	10.3
Infra and Other CO	621.2	740.3	119.2	19.2
Equity	0.8	0.2	(0.6)	(76.9)
Capital Transfers to LGUs	175.5	139.3	(36.3)	(20.7)
NET LENDING	19.4	15.4	(4.0)	(20.5)
TOTAL	3,201.6	3,314.9	113.4	3.5
Memo item:				
Infrastructure Disbursements ^{2/}	781.7	876.6	94.9	12.1

^{1/} Adjusted based on the full-year 2022 BTr Cash Operations Report (COR).

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

Likewise, the following expenditure items recorded sizable increases:

- Interest payments (up by P48.6 billion or 14.3 percent) due to coupon payment for Global bonds, retail treasury bonds, and new/additional issuances of fixed rate treasury bonds, loan availments, foreign exchange fluctuations, and the impact of higher interest rates;
- PS expenditures (up by 30.9 billion or 3.6 percent) due to the implementation of the fourth tranche of the Salary Standardization Law V, filling up of newly created positions in various agencies and SUCs, and payment of Health Emergency Allowance to plantilla HCWs of the DOH;
- MOOE (up by P22.6 billion or 4.3 percent) due to the payment of PHEBA, and the implementation of the MAIP of the DOH as well as the banner programs of the DA, such as the National Rice Program and the National Corn Program; and
- Subsidy (up by P17.3 billion or 17.5 percent) due to the releases to the PHIC for the health insurance premiums of senior citizens.

On the other hand, disbursements which contracted during the eight-month period include transfers to LGUs (down by P113.6 billion or 15.6 percent); tax expenditures (down by P6.9 billion or 29.2 percent); and net lending (down by P4.0 billion or 20.5 percent).

Outlook for the Rest of the Year

For the last four months of 2023, the balance from the P5.268 trillion obligation program for the year amounts to P248.3 billion³, equivalent to 4.7 percent of the program. Some P56.7 billion worth of allotments were released in September 2023⁴, which include the following big-ticket items:

DEPARTMENT/GOCC	PURPOSE	AMOUNT (In billion pesos)
LGUs	Share of LGUs from the CY 2021 collections of excise tax on locally manufactured Virginia-type cigarettes, Burley and native tobacco	P21.0 billion
	Share of LGUs in the proceeds of Energy Resources from the utilization and development of National Wealth for the period of 1st Quarter to 4th Quarter of 2021 to 2022	P5.6 billion
	FY 2023 Local Government Support Fund – Financial Assistance to LGUs	P1.2 billion
DPWH	Various capital outlays; mostly to cover additional funding requirements for the Government of the Philippines counterpart of flood control foreign-assisted projects (FAPs), payment of right-of-way claims for the Cavite-Laguna Expressway Project, and to cover loan proceeds of other FAPs	P7.3 billion
DOTr	Fuel Subsidy Program	P3.0 billion
	Active Transport Bike Share System and Safe Pathways Program	P705.0 million
DND	To cover customs duties and taxes arising from the importations of various items consigned to the DND	P1.9 billion

Based on preliminary bank and Treasury data, spending for the month of September likely increased by at least 7.0 percent, albeit lower than the 13.6 percent growth posted for the same month last year. Lower spending growth was partly due to base effects and lower NTA. Nevertheless, this would still result in a solid Q3 disbursement performance which is expected to grow annually and exceed the third quarter program by more or less 10.0 percent alongside the continued acceleration of infrastructure and other capital outlays and some recovery in maintenance expenditures. This is seen to reduce the P170.5 billion underspending recorded during the first semester by around 70.0 to 75.0 percent. With the execution of agency catch-up plans underway, the government is optimistic that the P5.228 trillion disbursement program for the year can be attained.

³ Net of the releases for FY 2022 Continuing Appropriations, Unprogrammed Appropriations, and other Automatic Appropriations accommodated within the total obligation program.

⁴ Based on SARO Listing for the period September 1 to 30, 2023. Generated from the DBM eBudget System.