

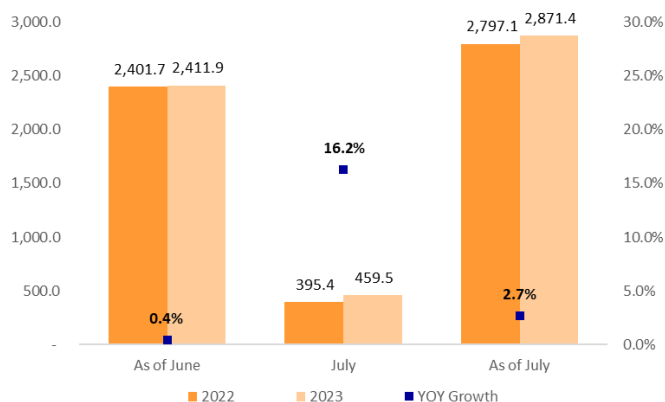
## NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

### AS OF JULY 2023

National Government (NG) spending for the month of July 2023 surged to P459.5 billion, increasing by P64.1 billion or 16.2 percent year-on-year. The growth for the period was mainly driven by higher infrastructure and other capital outlays, maintenance and other operating expenses (MOOE), as well as interest payments. This pushed disbursements for the first seven months of the year to P2,871.4 billion, P74.3 billion or 2.7 percent more than level for the comparable period last year.

**Figure 1. National Government Disbursements**

Amounts in billion pesos, unless otherwise indicated



With respect to the type of disbursements,

Notice of Cash Allocation (NCA) or cash disbursements in July 2023 grew by P45.5 billion or 14.3 percent year-on-year to reach P364.3 billion, mainly due to higher capital outlays and maintenance spending. Similarly, non-NCA disbursements went up by P18.6 billion or 24.3 percent year-on-year and amounted to P95.2 billion, mostly on account of higher interest payments and constructive receipts of cash (CRC) payments<sup>1</sup>. Year-to-date, NCA disbursements were posted at P2,329.0 billion, up by P38.0 billion or 1.7 percent year-on-year and recovering from the 0.4 percent contraction recorded for the first semester. Meanwhile, non-NCA disbursements amounted to P542.4 billion, P36.3 billion or 7.2 percent more than the level recorded a year ago.

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

(Amount in billion pesos, unless otherwise indicated)

Particulars	As of June				July				As of July			
	2022	2023	Inc/(Dec)		2022	2023	Inc/(Dec)		2022	2023	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	1,972.3	1,964.7	(7.6)	(0.4)	318.8	364.3	45.5	14.3	2,291.0	2,329.0	38.0	1.7
<i>% of Eff. NCA</i>	<i>95.7%</i>	<i>94.8%</i>			<i>79.0%</i>	<i>95.0%</i>			<i>93.0%</i>	<i>94.8%</i>		
Non-NCA	429.4	447.2	17.7	4.1	76.6	95.2	18.6	24.3	506.1	542.4	36.3	7.2
<b>TOTAL</b>	<b>2,401.7</b>	<b>2,411.9</b>	<b>10.1</b>	<b>0.4</b>	<b>395.4</b>	<b>459.5</b>	<b>64.1</b>	<b>16.2</b>	<b>2,797.1</b>	<b>2,871.4</b>	<b>74.3</b>	<b>2.7</b>
<b>Memo Item</b>												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
	As of June				July				As of July			
	2022	2,060.6			2022	403.4			2022	2,464.1		
	2023	2,073.2			2023	383.6			2023	2,456.7		
<b>Allotment Releases</b> <sup>1/</sup>												
As of July 2022		4,696.1 <sup>2/</sup>	93.5% of the P5,023.6 billion obligation program									
As of July 2023		4,891.3 <sup>2/</sup>	92.8% of the P5,268.0 billion obligation program									

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

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

<sup>2/</sup> Includes other releases coming from the Prior Year's Continuing Appropriations, Unprogrammed Appropriations, and Other Automatic Appropriations.

<sup>1</sup> Direct payments made to suppliers by development partners for the implementation of Foreign-Assisted Projects.

## Allotment Releases

Allotment releases as of July 31, 2023 reached P4,891.3 billion, equivalent to 92.8 percent of the P5,268.0 billion obligation program for the year. Releases for the month of July 2023 amounted P57.1 billion, which included the following big-ticket items:

DEPARTMENT/GOCC	PURPOSE	AMOUNT (In billion pesos)
PhilHealth	To cover the implementation of health insurance coverage for indigent beneficiaries under the <i>Listahanan</i> and Point-of-Service patients	P10.6
Philippine National Police	3 <sup>rd</sup> quarter pension	P10.3
Department of Public Works and Highways (DPWH)	Various capital outlays (e.g., payment of Right-of-Way; rehabilitation, renovation, repair and improvement of elementary and secondary school buildings; construction of farm-to-mill roads and bridges; etc.)	P3.5
Department of Education (DepEd)	To cover the funding requirements for the implementation of the DepEd Computerization Program (DCP)	P2.5
Philippine Veterans Affairs Office	3rd quarter pension	P2.4
Technical Education and Skills Development Authority (TESDA)	To cover the funding requirements for the implementation of Special Training for Employment Program (STEP) and Training for Work Scholarship Program (TWSP)	P2.0

## Year-on-Year Performance, by Expense Class

### For the Month of July 2023

NG disbursements for the month of July 2023 significantly grew by P64.1 billion or 16.2 percent from the previous year's outturn to reach P459.5 billion. The following expenditure items propelled spending growth for the month:

- Infrastructure and other capital outlays soared to P111.0 billion, higher by P33.9 billion or 44.1 percent year-on-year. This was primarily credited to the larger capital expenditures of the DPWH for its various infrastructure projects nationwide. Sizable disbursements were also recorded in other agencies for the following expenditures:

1. Various railway projects of the Department of Transportation (DOTr);
2. Funding requirements for the implementation of the DepEd Computerization Program; and
3. Construction, repair, and rehabilitation of court buildings and offices under the Justice System Infrastructure Program (JUSIP) of the Judiciary.

- MOOE jumped to P74.0 billion, P22.5 billion or 43.6 percent higher year-on-year attributed mainly to the disbursements for the *Pantawid Pamilyang Pilipino* Program (4Ps) of the Department of Social Welfare and Development (DSWD). Notably, some P15.1 billion out of the

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

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	July			
	2022 <sup>1/</sup>	2023	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	292.5	326.7	34.2	11.7
Personnel Services	88.8	95.2	6.4	7.2
MOOE	51.5	74.0	22.5	43.6
Subsidy	30.3	33.2	2.9	9.6
Allotment to LGUs	68.5	59.2	(9.3)	(13.5)
IP	52.1	63.6	11.5	22.0
TEF	1.3	1.5	0.2	12.9
CAPITAL OUTLAYS	95.0	128.6	33.6	35.3
Infra and Other CO	77.0	111.0	33.9	44.1
Equity	0.0	0.0	(0.0)	(70.0)
Capital Transfers to LGUs	17.9	17.6	(0.4)	(2.0)
NET LENDING	7.9	4.2	(3.6)	(45.9)
<b>TOTAL</b>	<b>395.4</b>	<b>459.5</b>	<b>64.1</b>	<b>16.2</b>

<sup>1/</sup> Adjusted based on the full-year 2022 BTr Cash Operations Report (COR).

P16.8 billion outstanding checks recorded in the agency as of end- June 2023 were negotiated in July<sup>2</sup> following the distribution of cash subsidies to the qualified 4Ps beneficiaries.

Other agencies which also posted higher maintenance spending include the Department of Agriculture (DA) for its banner programs (e.g., National Rice Program and National Corn Program); the Department of Health (DOH) for the payment of Public Health Emergency Benefits and Allowance for non-plantilla healthcare workers (HCWs) and non-HCWs in LGUs/private sector, and the implementation of the Medical Assistance for Indigent Patients Program; and State Universities and Colleges (SUCs) for the Free Higher Education (FHE) Program.

- Interest payments expanded to P63.6 billion, up by P11.5 billion or 22.0 percent, mainly due to coupon payments for Global Bonds and new/additional issuances of fixed rate treasury bonds/benchmark bonds in 2021, and partly due to the impact of higher Secured Overnight Financing Rate.
- Personnel Services (PS) expenditures went up to P95.2 billion, larger by P6.4 billion or 7.2 percent year-on-year. This was largely on account of the implementation of the fourth tranche of the Salary Standardization Law of 2019 (SSL V), as well as the payment of Health Emergency Allowance to plantilla HCWs of the DOH.
- Subsidy support to government corporations inched up by P2.9 billion or 9.6 percent year-on-year to reach P33.2 billion owing mainly to the releases to the National Housing Authority for its various housing projects.

The following expenditures, however, were lower year-on-year which partially offset the growth of July 2023 disbursements:

- Combined allotment and capital transfers to LGUs decreased to P76.8 billion, down by P9.6 billion or 11.1 percent due to the lower NTA of LGUs<sup>3</sup>. The decline was moderated by the releases to the Local Government Support Fund - Financial Assistance to LGUs and the Special Shares of LGUs in the Proceeds of Fire Code Fees.
- Net lending slid to P4.2 billion, lower by P3.6 billion or 45.9 percent due to the timing of NG advances to the National Food Authority (NFA). Some P7.9 billion was released to the NFA in July 2022, compared to only P4.2 billion for the same month this year.

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<sup>2</sup> Per Consolidated reports from Government-Servicing Banks as of June 30, 2023 and as of July 31, 2023.

<sup>3</sup> 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.

### For the Period January to July 2023

NG spending as of end-July 2023 totaled to P2,871.4 billion, up by P74.3 billion or 2.7 percent year-on-year. The rate of expansion accelerated from the 0.4 percent growth recorded during the first six months of the year. This was largely credited to the higher infrastructure spending, which increased by P70.7 billion or 12.9 percent year-on-year to reach P618.2 billion on the back of progress billings and payments made for ongoing and completed infrastructure projects of the DPWH, as well as direct payments made by development partners for the foreign-assisted rail transport projects of the DOTr.

Among the other expense items that posted higher disbursements year-on-year are interest payments (up by P36.7 billion or 11.9 percent), MOOE (up by P24.5 billion or 5.5 percent), PS expenditures (up by 17.1 billion or 2.3 percent), and subsidy (up by P13.9 billion or 16.7 percent).

The growth of disbursements, however, was tempered by the lower transfers to LGUs (down by P79.5 billion or 12.9 percent) particularly their NTA shares; tax expenditures (down by P5.4 billion or 27.1 percent); and net lending (down by P3.0 billion or 15.3 percent).

### Outlook for the Rest of the Year

As of end-August 2023, the remaining balance from the P5,268.0 billion obligation program for the year amounts to P376.7 billion<sup>4</sup> or 7.2 percent. For the month of August 2023 alone, a total of P60.9 billion worth of allotments have been issued,<sup>5</sup> composed largely of the following releases:

DEPARTMENT/GOCC	PURPOSE	AMOUNT (In billion pesos)
DOTr	To cover the Loan Proceeds requirements for the implementation of the 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 relative to the implementation of the Metro Manila Subway Project Phase I	P1.7
DepEd	PS requirements, mostly to cover the grant of FY 2021 Performance-Based Bonus to the qualified officials and employees	P10.3
DPWH	various capital outlays nationwide	P2.9
Department of National Defense	Revised AFP Modernization Program	P2.6

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

Expenditure Class	January to July			
	2022 <sup>1/</sup>	2023	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	2,094.7	2,112.5	17.8	0.9
Personnel Services	754.8	771.8	17.1	2.3
MOOE	444.5	468.9	24.5	5.5
Subsidy	83.1	96.9	13.9	16.7
Allotment to LGUs	483.0	414.2	(68.8)	(14.2)
IP	309.3	346.0	36.7	11.9
TEF	20.1	14.6	(5.4)	(27.1)
CAPITAL OUTLAYS	683.0	742.4	59.4	8.7
Infra and Other CO	547.5	618.2	70.7	12.9
Equity	0.7	0.2	(0.5)	(74.0)
Capital Transfers to LGUs	134.8	124.0	(10.7)	(8.0)
NET LENDING	19.4	16.4	(3.0)	(15.3)
<b>TOTAL</b>	<b>2,797.1</b>	<b>2,871.4</b>	<b>74.3</b>	<b>2.7</b>
<b>Memo item:</b>				
Infrastructure Disbursements <sup>2/</sup>	690.6	740.6	50.0	7.2

<sup>1/</sup> Adjusted based on the full-year 2022 BTr Cash Operations Report (COR).

<sup>2/</sup> Include estimated NG infrastructure disbursements, and infrastructure components of subsidy and equity to GOCCs and transfers to LGUs.

<sup>4</sup> Net of the releases for FY 2022 Continuing Appropriations, Unprogrammed Appropriations, and other Automatic Appropriations accommodated within the total obligation program.

<sup>5</sup> Based on SARO Listing for the period August 1 to 31, 2023. Generated from the DBM eBudget System.

DEPARTMENT/GOCC	PURPOSE	AMOUNT (In billion pesos)
Commission on Higher Education (CHED)	To cover the funding requirements for the implementation of the Student Monetary Assistance for Recovery and Transition (SMART) Program	P1.0

Although the lower NTA shares of LGUs will continue to constrain spending growth for 2023, it is expected that NG disbursements will further improve during the remaining months of the year as seen in historical trends and agency spending behavior.

Among the expenditure items that could further buoy government spending are the payments for various completed road and transport infrastructure projects of the DPWH and DOTr, respectively. Moreover, education-related expenses, including government assistance and subsidies programmed in the second semester following the start of the academic year (e.g., Government Assistance to Students and Teachers in Private Education of the DepEd, FHE of SUCs, and Universal Access to Quality Tertiary Education of CHED), as well as livelihood and employment programs (e.g., *Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers* of the Department of Labor and Employment) could drive maintenance expenditures.

Disbursement performance will, likewise, be supported by the implementation of agency catch-up plans to help recover from the delays and other implementation bottlenecks they have experienced during the first semester of the year. Relatedly, the annual growth rate of government disbursements continued to quicken from 0.4 percent as of end-June and 2.7 percent as of end-July, it was posted at 3.5 percent as of end-August per the Cash Operations Report of the Bureau of the Treasury. While this reflects the higher budget for major expenditure programs this year, it could also indicate that the catch-up measures being undertaken are already starting to yield the desired results.

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