

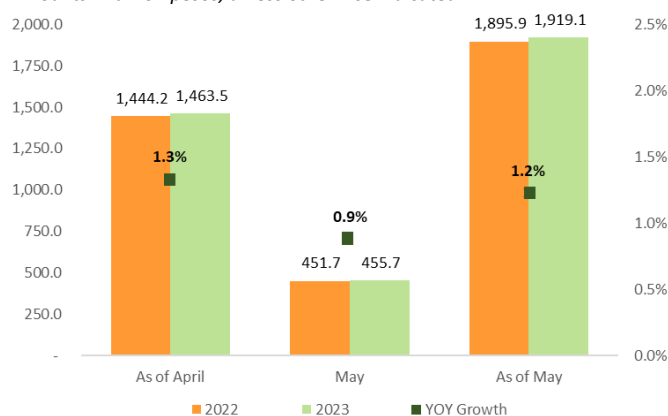
NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF MAY 2023

National Government (NG) spending for the month of May 2023 inched up by P4.0 billion or 0.9 percent year-on-year and amounted to P455.7 billion. The uptick resulted from higher infrastructure and other capital outlays, personnel services (PS) expenditures, and interest payments, although moderated by the decline in transfers to Local Government Units (LGUs), maintenance and other operating expenses (MOOE), and net lending. This brings the disbursements for the first five months of the year to P1,919.1 billion, higher by P23.2 billion or 1.2 percent than the previous year's level (*see year-on-year performance discussion*).

Figure 1. National Government Disbursements

Amounts in billion pesos, unless otherwise indicated



By disbursement authorities, Notice of Cash Allocation (NCA) or cash disbursements in May 2023 went up by P8.6 billion or 2.2 percent year-on-year to reach P398.2 billion. This was on account of higher capital outlays, PS expenditures, and subsidy support to government corporations. The growth of the said items, however, was slightly tempered by lower transfers to LGUs and maintenance spending. On the other hand, non-NCA disbursements were lower by P4.6 billion or 7.4 percent year-on-year and amounted to P57.4 billion owing to the decrease in net lending, constructive receipts of cash (CRC) payments,¹ and tax expenditures. Year-to-date, NCA disbursements were recorded at P1,557.1 billion, up by P32.3 billion or 2.1 percent when compared to the same period last year, while non-NCA disbursements were posted at P362.0 billion, down by P9.1 billion or 2.4 percent year-on-year due to lower CRC payments, tax expenditures, encashment of check floats,² and net lending.

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

(Amount in billion pesos, unless otherwise indicated)

Particulars	As of April				May				As of May			
	2022	2023	Inc/(Dec)		2022	2023	Inc/(Dec)		2022	2023	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	1,135.1	1,158.9	23.7	2.1	389.7	398.2	8.6	2.2	1,524.8	1,557.1	32.3	2.1
<i>% of Eff. NCA</i>	<i>90.1%</i>	<i>93.0%</i>			<i>96.3%</i>	<i>90.3%</i>			<i>91.6%</i>	<i>92.3%</i>		
Non-NCA	309.1	304.6	(4.5)	(1.5)	62.0	57.4	(4.6)	(7.4)	371.1	362.0	(9.1)	(2.4)
TOTAL	1,444.2	1,463.5	19.2	1.3	451.7	455.7	4.0	0.9	1,895.9	1,919.1	23.2	1.2
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
	As of April				May				As of May			
	2022	1,260.4			2022	404.6			2022	1,665.1		
	2023	1,246.4			2023	440.9			2023	1,687.3		
Allotment Releases ^{1/}												
As of May 2022		4,461.1	^{2/}	88.8%	of the P5,023.6 billion obligation program							
As of May 2023		4,682.3	^{2/}	88.9%	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.

² Checks issued late last year but were only presented for payment during the first three months of this year.

Allotment Releases

Allotment releases as of May 31, 2023 amounted to P4,682.3 billion, equivalent to 88.9 percent of the P5,268.0 billion aggregate obligation program for the year. Releases for the month of May 2023 totaled P164.2 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 indigents	P25.2
Department of Public Works and Highways (DPWH)	Various capital outlay projects	P22.1
Department of National Defense (DND)	For the implementation of project/s under the Revised Armed Forces of the Philippines Modernization Program (RAFPMP)	P17.9
Department of Social Welfare and Development (DSWD)	Targeted Cash Transfer Program	P7.7
Bureau of the Treasury (BTr) ³	Release of the Special Development Fund (SDF) to the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM)	P5.0
Commission on Higher Education	UAQTE – Tertiary Education Subsidy (TES) and <i>Tulong Dunong</i> Program under TES	P4.2
National Housing Authority	FY 2023 NG subsidy	P2.7
Commission on Elections	Preparatory activities and conduct of the Sangguniang Kabataan and Barangay Elections in October 2023	P2.6

Year-on-Year Performance, by Expense Class

For the Month of May 2023

NG disbursements for the month of May 2023 marginally grew by P4.0 billion or 0.9 percent from the comparable period last year to reach P455.7 billion. The following expense items posted positive growth rates during the said month:

- Infrastructure and other capital outlays surged to P103.8 billion, expanding by P23.3 billion or 29.0 percent year-on-year. This was mainly attributed to the larger disbursements of the DPWH due to the fast-tracking of implementation and completion of ongoing projects amid relatively favorable weather conditions, payments of prior years' accounts payables, and billings for advance payments or mobilization costs. Although the growth of infrastructure outlays was partly driven by base effects coming from the relatively low base in May 2022 during

Table 2. NG Disbursements for the Month of May, 2022 and 2023
(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	May			
	2022 ^{1/}	2023	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	346.2	336.4	(9.8)	(2.8)
Personnel Services	153.5	162.8	9.3	6.1
MOOE	77.2	63.5	(13.8)	(17.8)
Subsidy	8.0	7.4	(0.6)	(7.4)
Allotment to LGUs	69.2	59.5	(9.7)	(14.0)
IP	33.8	41.3	7.5	22.2
TEF	4.4	1.8	(2.6)	(58.5)
CAPITAL OUTLAYS	100.2	119.3	19.0	19.0
Infra and Other CO	80.5	103.8	23.3	29.0
Equity	0.0	0.0	0.0	322.2
Capital Transfers to LGUs	19.8	15.4	(4.4)	(22.0)
NET LENDING	5.3	0.0	(5.2)	(99.1)
TOTAL	451.7	455.7	4.0	0.9

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

³ Per SP No. 4 of the BARMM Shares in the FY 2023 GAA, the shares shall be released directly by the BTr to the Bangsamoro Government through an authorized government servicing bank, subject to cash programming by the National Government.

the election ban, robust disbursements were still recorded in some agencies for the following expenditures:

1. Peso or local counterpart funds for various foreign-assisted projects of the Department of Transportation (DOTr), such as the North-South Commuter Railway Project and the Metro Manila Subway Project Phase I, as well as accounts payables for various airport projects and the Cebu Bus Rapid Transit Project;
 2. Delivery of firefighting equipment of the Bureau of Fire Protection; and
 3. Payments for the construction of buildings, and procurement of police equipment and motor vehicles under the Capability Enhancement Program of the Philippine National Police (PNP).
- PS expenditures jumped to P162.8 billion, growing by P9.3 billion or 6.1 percent year-on-year. This was largely credited to the implementation of the fourth tranche of the Salary Standardization Law (SSL) V and higher FY 2023 mid-year bonus due to the SSL implementation. The payment of Health Emergency Allowance (HEA) to plantilla healthcare workers of the Department of Health, as well as the filling-up of positions in the PNP and pension requirements of their uniformed personnel also contributed to the growth of PS expenses for the month.
 - Interest payments increased to P41.3 billion, up P7.5 billion or 22.2 percent. This was on account of larger foreign interest payments, particularly from coupon payments for new loan availment and higher foreign exchange rates this year.

Meanwhile, the following expenditures were lower year-on-year and tempered the growth of May 2023 disbursements:

- Combined allotment and capital transfers to LGUs decreased to P74.9 billion, down by P14.0 billion or 15.8 percent mainly due to the lower NTA of LGUs.⁴ The timing of releases for the SDF to the BARMM, and the Local Government Support Fund (LGSF) - Financial Assistance to LGUs pending submission of requests⁵ and supporting documents by the concerned LGU was also a factor behind the lower transfers to LGUs during the month.
- MOOE were down to P63.5 billion, P13.8 billion or 17.8 percent lower year-on-year. This decrease was mainly attributed to the timing of releases for the *Pantawid Pamilyang Pilipino* Program of the DSWD which were originally programmed in the month of May 2023. Corresponding funds should have already been released in June 2023 following the ongoing validation and registration of new beneficiaries under the program. Lower disbursements were also recorded in the COMELEC sans the expenditures related to the conduct of the National and Local Elections in May 2022. Nevertheless, higher disbursements were posted by State Universities and Colleges (SUCs) for the Free Higher Education (FHE) Program, and the DOH for the payment of HEA to non-plantilla healthcare workers to cushion the reduction in total MOOE.
- Meanwhile, net lending declined by P5.2 billion or 99.1 percent mainly due to the schedule of NG advances to the National Food Authority (NFA). In May 2022, some P5.2 billion was released to the NFA. In contrast this year, P4.9 billion was released in April while the rest of the requirements are expected in the succeeding months. On the other hand, tax expenditure subsidies contracted by P2.6 billion or 58.5 percent due to the timing of the grant of subsidy to

⁴ 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.

⁵ Per item no. 3.3 of Local Budget Circular No. 150 dated March 8, 2023, the submission of requests for financial assistance, chargeable against the LGSF-FA to LGUs shall only be made through the Digital Requests Submission for Local Government Support Fund (DRSL) found in the DBM Apps Portal.

the Philippine Deposit Insurance Company (PDIC) for Value-Added Tax (VAT) payments. In the previous year, the subsidy was taken up in May. Meanwhile, for 2023, this is scheduled in June.

For the Period January to May 2023

NG spending as of end-May 2023 reached P1,919.1 billion, higher by P23.2 billion or 1.2 percent than the level recorded a year ago.

Infrastructure and other capital outlays remained as the leading driver of disbursements for the period, which included payments of the DPWH for their completed infrastructure projects and mobilization costs for their ongoing projects this year, as well as the CRC payments of the DOTr for their foreign-assisted rail projects. Other expenditure items which also grew are PS expenses (up by P14.0 billion or 2.6 percent), MOOE (up by 12.9 billion or 4.3 percent), and interest payments (up by 9.1 billion or 4.1 percent).

However, the growth of disbursements was softened mostly by lower transfer to LGUs, particularly their NTA shares. Similarly, tax expenditures were smaller when compared to the P16.7 billion recorded for the first five months in 2022 due to lower documentary stamp taxes on government securities which depend on the timing of debt issuances by the BTr.

Outlook for the Rest of the Year

As of end-May 2023, the remaining balance from the P5,268.0 billion obligation program for the year amounts to P585.7 billion⁶ or 11.1 percent. For the month of June 2023 alone, a total of P52.4 billion worth of allotments have been issued,⁷ composed mostly of the following releases:

DEPARTMENT/GOCC	PURPOSE	AMOUNT (In billion pesos)
DND	3 rd Quarter Pension	P14.0
	RAFPMP	P2.2
	Release of the FY 2021 Performance-Based Bonus (PBB) of the Armed Forces of the Philippines - Philippine Army	P1.5
Department of Education	To cover the funding requirements for the implementation of Basic Education Curriculum	P5.0
	PS requirements, mostly for the release of the FY 2021 PBB and filling of teaching positions	P2.2
BTr	To cover the funding requirements for the implementation of priority projects of recipient LGUs, chargeable against the LGSF - Support to the Barangay Development Program	P5.6

⁶ Net of the releases for FY 2022 Continuing Appropriations, Unprogrammed Appropriations, and other Automatic Appropriations accommodated within the total obligation program.

⁷ Based on SARO Listing for the period June 1 to 30, 2023. Generated from the DBM eBudget System.

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

Expenditure Class	January to May			
	2022 ^{1/}	2023	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	1,463.2	1,441.4	(21.8)	(1.5)
Personnel Services	543.0	557.0	14.0	2.6
MOOE	299.0	312.0	12.9	4.3
Subsidy	39.4	37.6	(1.7)	(4.4)
Allotment to LGUs	344.7	295.9	(48.8)	(14.2)
IP	220.5	229.6	9.1	4.1
TEF	16.7	9.3	(7.4)	(44.1)
CAPITAL OUTLAYS	425.3	472.0	46.7	11.0
Infra and Other CO	327.5	387.8	60.2	18.4
Equity	0.6	0.2	(0.4)	(69.7)
Capital Transfers to LGUs	97.2	84.0	(13.1)	(13.5)
NET LENDING	7.5	5.8	(1.7)	(23.0)
TOTAL	1,895.9	1,919.1	23.2	1.2
Memo item:				
Infrastructure Disbursements ^{2/}	427.8	465.8	38.0	8.9

^{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.

DEPARTMENT/GOCC	PURPOSE	AMOUNT (In billion pesos)
PDIC	To cover the tax subsidy granted to the PDIC for VAT for the first quarter of FY 2023	P2.1

Based on preliminary bank reports, disbursements for the second quarter are seen to grow flat from the level for the same period last year as the lower NTA shares of LGUs will continue to weigh down on spending growth, coupled with some delays encountered by line agencies in the implementation of subsidy programs/projects, and timing of releases to government corporations.

Nevertheless, infrastructure outlays are expected to continue to buoy disbursements with the ongoing implementation of major projects, such as the i) bridge, network development, and flood management programs of the DPWH, ii) rail transport projects of the DOTr, and iii) modernization program of the DND. Furthermore, as seen in previous years, agency spending performance accelerates beginning the latter part of the third quarter and catches up during the last quarter of the year. Relatedly, departments/agencies' spending performance is continuously being monitored by the DBM and big-spending departments were advised to undertake measures to ensure the attainment of their respective spending targets for the year, the timely completion of their programs/projects, and the prompt delivery of public goods and services.
