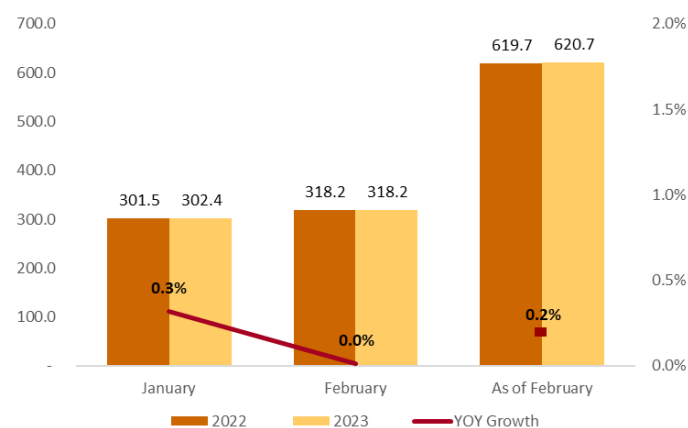


# NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

## FOR THE PERIOD JANUARY TO FEBRUARY 2023

National Government (NG) disbursements for the first two months of 2023 stood at P620.7 billion, marginally higher than the previous year's level by P1.0 billion or 0.2 percent. Specifically, spending in January was flat at P302.4 billion relative to last year's P301.5 billion. It, likewise, plateaued to P318.2 billion in February from nearly the same outturn last year. The growth of disbursements for the two-month period was tempered mostly by the decline in the transfers to LGUs with the lower National Tax Allotment (NTA) shares and interest payments, as well as the timing of subsidy releases to the Power Sector Assets and Liabilities Management Corporation (PSALM) for the implementation of the *Murang Kuryente* Act. Net of the said items, however, spending actually grew by 12.2 percent or P43.8 billion largely due to higher infrastructure outlays and maintenance and other operating expenses (MOOE) (see details in the year-on-year performance discussion).

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



In terms of the use of disbursement authorities, NCA expenditures as of end-February 2023 amounted to P459.9 billion, up by P11.1 billion or 2.5 percent year-on-year. This was mainly due to higher infrastructure outlays and maintenance spending, offsetting the lower NTA, subsidy, and personnel services (PS) expenditures. NCA disbursements represented nearly 87.0 percent of the NCAs credited during the two-month period, improving from the 81.4 percent rate recorded last year as faster NCA utilization was observed in big-spending departments, such as the Department of Environment and Natural Resources (DENR), Department of Health (DOH), Department of the Interior and Local Government (DILG), the Department of Public Works and Highways (DPWH), and the Judiciary. On the other hand, Non-NCA disbursements reached P160.8 billion for the first two months of the year, down by P10.1 billion or 5.9 percent year-on-year due to lower interest payments and check floats.<sup>1</sup>

**Table 1. Comparison of NCA and Non-NCA Disbursements, 2022-2023**  
(Amount in billion pesos, unless otherwise indicated)

Particulars	January				February				As of February			
	2022	2023	Inc/(Dec)		2022	2023	Inc/(Dec)		2022	2023	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	180.5	204.3	23.7	13.1	268.3	255.6	(12.7)	(4.7)	448.8	459.9	11.1	2.5
% of Eff. NCA	70.3%	72.5%			91.0%	103.4%			81.4%	86.9%		
Non-NCA	120.9	98.1	(22.8)	(18.8)	49.9	62.6	12.7	25.4	170.8	160.8	(10.1)	(5.9)
<b>TOTAL</b>	<b>301.5</b>	<b>302.4</b>	<b>1.0</b>	<b>0.3</b>	<b>318.2</b>	<b>318.2</b>	<b>0.0</b>	<b>0.0</b>	<b>619.7</b>	<b>620.7</b>	<b>1.0</b>	<b>0.2</b>
<b>Memo Item</b>												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
	January				February				As of February			
	2022	256.7			2022	294.8			2022	551.5		
	2023	281.8			2023	247.2			2023	529.0		
<b>Allotment Releases</b> <sup>1/</sup>												
As of February 2022		3,055.6 <sup>2/</sup>	60.8%	of the P5,023.6 billion obligation program								
As of February 2023		3,234.8 <sup>2/</sup>	61.4%	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

<sup>1</sup> Check floats are payments for which checks have been issued in the previous year but were only presented for encashment in the current year. Hence, these are not part of the current year's NCA releases since their corresponding disbursement authorities have already been issued in the previous year.

## Allotment Releases

Allotment releases as of February 28, 2023 totaled to P3,234.8 billion, equivalent to 61.4 percent of the P5,268.0 billion obligation program for the year. In addition to the P2,564.8 billion which was comprehensively released at the first working day of 2023<sup>2</sup>, some P605.9 billion were released during the two-month period, which included the following big-ticket items:<sup>3</sup>

DEPARTMENT/GOCC	PURPOSE	AMOUNT (In billion pesos)
LGUs	1 <sup>st</sup> Quarter FY 2023 National Tax Allotment Share	P205.1
DPWH	Various capital outlays	P154.9
DOTr	North–South Commuter Railway (NSCR) Project and Metro Manila Subway Project (MMSP)	P75.2
NIA	FY 2023 Subsidy for its Irrigation Systems Restoration Program and Irrigation Systems Development Program	P40.7
BARMM	Annual Block Grant	P16.2
DND	1st Quarter Pension	P14.0
PNP	1st Quarter Pension	P10.2
NFA	FY 2023 Subsidy for Buffer Stocking Program	P9.0
PSALM	<i>Murang Kuryente Act</i>	P8.0
DA	Philippine Rural Development Project (PRDP)	P5.1
DAR	Support to Parcelization of Lands for Individual Titling (SPLIT) Project	P4.6
TESDA	FY 2023 Universal Access to Quality Tertiary Education	P3.2

## Year-on-Year Performance, January to February 2023

NG expenditures as of end-February 2023 reached P620.7 billion, increasing by a mere P1.0 billion or 0.2 percent year-on-year. This modest growth resulted from the increases recorded in infrastructure and maintenance spending, but were offset by the decline in other expenditure items:

- Infrastructure and other capital outlays surged to P113.0 billion, up by P30.0 billion or 36.1 percent year-on-year. This robust infrastructure spending performance was largely attributed to the higher disbursements recorded in the DPWH and the DOTr. For the DPWH, they credited this to the payment of mobilization costs for current year regular infrastructure projects, fast-tracked implementation of carryover projects, and expedited processing and payment of prior years' accounts payable. These included various projects implemented nationwide, such as the construction, rehabilitation, and preventive maintenance of access, by-pass and diversion roads, and bridges; flood mitigation activities (e.g., construction and maintenance of flood control structures); and succeeding progress billings for the construction of the New Senate Building and other government buildings. In the case of the DOTr,

**Table 2. NG Disbursements for the Period January to February, 2022 and 2023**  
(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to February			
	2022	2023	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	500.6	478.1	(22.4)	(4.5)
Personnel Services	184.1	182.1	(2.0)	(1.1)
MOOE	64.6	84.9	20.3	31.5
Subsidy	15.6	10.5	(5.0)	(32.4)
Allotment to LGUs	137.2	118.0	(19.2)	(14.0)
IP	93.8	81.1	(12.7)	(13.5)
TEF	5.3	1.5	(3.8)	(71.7)
CAPITAL OUTLAYS	119.1	142.5	23.4	19.7
Infra and Other CO	83.0	113.0	30.0	36.1
Equity	0.0	0.0	(0.0)	(76.6)
Capital Transfers to LGUs	36.1	29.6	(6.5)	(18.0)
NET LENDING	0.0	0.0	(0.0)	(14.3)
<b>TOTAL</b>	<b>619.7</b>	<b>620.7</b>	<b>1.0</b>	<b>0.2</b>

<sup>2</sup> Some P2,564.8 billion was comprehensively released under NBC No. 590 dated January 3, 2023, or the Guidelines on the Release of Funds for FY 2023, as part of the government's GAA-As-An-Allotment Order Policy where detailed items in the budget are deemed released. This is equivalent to 81.2 percent of the P3,157.6 billion regular budgets of agencies.

<sup>3</sup> Based on SARO Listing for the period January 1, 2023 to February 28, 2023. Generated from the DBM e-Budget System.

the direct payments made by development partners for their foreign-assisted rail transport projects, such as the North-South Commuter Railway Project and Metro Manila Subway Project Phase 1, contributed to the larger infrastructure outlays for the two-month period.

- MOOE jumped to P84.9 billion, increasing by P20.3 billion or 31.5 percent year-on-year owing mainly to the implementation of the Government Assistance and Subsidies (GAS) programs of the Department of Education (DepEd), the *Pantawid Pamilyang Pilipino* Program (4Ps) and the Protective Services for Individuals and Families in Difficult Circumstances (PSIFDC) of the DSWD, the Medical Assistance to Indigent Patients (MAIP) Program of the DOH and releases for Health Emergency Allowance (HEA) for non-plantilla positions, as well as the Free Higher Education (FHE) Program of the Commission on Higher Education (CHED).

On the other hand, the following expense items were lower year-on-year, dampening the growth posted in infrastructure and maintenance expenditures:

- Combined allotment and capital transfers to LGUs fell to P147.6 billion, down by P25.7 billion or 14.8 percent year-on-year owing to the the lower NTA of LGUs. To recall, 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.<sup>4</sup>
- Interest payments went down to P81.1 billion, P12.7 billion or 13.5 percent lower than the level for the same period last year due to maturity and discount from last year's reissuance of fixed rate treasury bonds, as well as premiums from reissuances.
- Subsidy support to government corporations decreased to P10.5 billion, P5.0 billion or 32.4 percent from last year's P15.6 billion. This was attributed mostly to the timing of releases to the PSALM for the implementation of the *Murang Kuryente* Act. In particular last year, P7.0 billion of the P8.0 billion total annual subsidy was released in February. Meanwhile for this year, the initial P5.0 billion requirement is expected to be released by March 2023. Subsidy releases are subject to the submission of special budget requests and supported by documentary requirements, such as billings, by the concerned government-owned and -controlled corporations (GOCCs).
- Tax expenditures declined to P1.5 billion from P5.3 billion for the same period in 2022 due to lower documentary stamp taxes on government securities, attributed mainly to the timing of issuances of debt instruments by the BTr.
- Personnel services amounted to P182.1 billion, P2.0 billion or 1.1 percent lower year-on-year sans the substantial one-off releases in January to February last year, specifically the 2020 and 2019 Performance-Based Bonus (PBB) of employees in the DepEd and the DILG, respectively, as well as the 2018 pension differential of military and uniformed personnel (MUP).

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<sup>4</sup> Based on the Supreme Court (SC) Ruling on the *Mandanas* Case, LGUs shall have a forty percent (40%) share in the national tax revenues based on the collection of the third fiscal year preceding the current fiscal year. This was a modification of Section 284 of the Local Government Code of 1991 (Republic Act No. 7160) after the SC declared the phrase "internal revenue" as unconstitutional.

## Outlook for the Rest of the Year

As of end-February 2023, the remaining program balance amounts to P2,033.2 billion<sup>5</sup> or 38.6 percent of the total P5,268.0 billion obligation program for the year. The bulk of the remaining releases is for the succeeding quarterly requirements of the NTA (P615.2 billion), interest payments (P582.3 billion), agency-specific budgets (P445.0 billion), and Special Purpose Funds or SPFs (P412.0 billion).

With respect to agency-specific budgets, the balance consists mainly of the various infrastructure projects of the DPWH, the implementation of the Universal Access to Quality Tertiary Education Act (UAQTEA) for Academic Year 2023-2024 (which is programmed in the second semester, consistent with the academic calendar of SUCs), PS requirements of the DepEd mostly for the creation and filling up of teaching positions, and capital outlays of the DOTr. Meanwhile, the unreleased allotments from SPFs are composed of the balances from the Pension and Gratuity Fund (PGF), Budgetary Support to Government Corporations (BSGCs), and Allocation to Local Government Units (ALGUs).

In terms of the overall disbursements for this year, transfers to LGUs will weigh down on spending growth mainly due to the lower NTA as earlier discussed. Nonetheless, disbursements will still be largely driven by infrastructure spending, MOOE, and PS expenditures, albeit at a slower rate when compared to 2022 in line with the government fiscal consolidation strategy and phased withdrawal of COVID-19 fiscal support. Based on the FY 2023 Quarterly Fiscal Program approved by the Development Budget Coordination Committee (DBCC) on April 24, 2023, FY 2023 disbursements were revised upward to P5,228.4 billion, from the P5,177.4 billion initial program approved in December 2022 primarily due to higher MOOE and infrastructure subsidy requirements.

Based on the FY 2023 Quarterly Fiscal Program, spending is expected to peak in the second quarter at P1,465.0 billion or 28.0 percent of the full year program, on account of the following:

- large PS expenditures with the release of the mid-year bonus of government sector workers;
- high MOOE requirements for the second quarter of DSWD, DOH, DepEd, Department of Agriculture (DA), DND, SUCs, Department of Labor and Employment (DOLE), and CHED;
- subsidy for the Philippine Health Insurance Corporation (PHIC), the National Irrigation Administration (NIA), and the National Housing Authority (NHA) in the second quarter; and
- substantial capital outlay spending for DPWH, DOTr, and DND's Revised Armed Forces of the Philippines Modernization Program (RAFPMP).

Disbursements will remain strong for the rest of the year with P1,279.8 billion program in the third quarter (24.5 percent), and will accelerate further to P1,366.2 billion by the fourth quarter (26.1 percent). The government has set a spending target equivalent to 21.3 percent of GDP this year, while overall infrastructure disbursements will be equivalent to 5.3 percent of GDP.

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<sup>5</sup> Net of the releases for FY 2022 Continuing Appropriations, Unprogrammed Appropriations, and other Automatic Appropriations accommodated within the total obligation program.