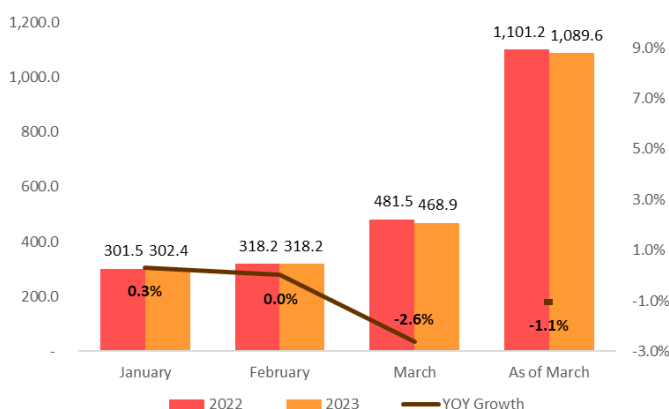


NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF MARCH 2023

National Government (NG) spending for the month of March 2023 amounted to P468.9 billion, declining slightly by P12.6 billion or 2.6 percent from the previous year's level mostly on account of the lower infrastructure and other capital outlays and allotment to Local Government Units (LGUs). This pushed the disbursements for the first quarter of the year to P1,108.9 billion, lower by P11.6 billion or 1.1 percent year-on-year (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



With respect to disbursement authorities, NCA

expenditures in March 2023 fell by P3.8 billion or 0.9 percent from last year to P394.9 billion mainly due to lower infrastructure spending and transfers to LGUs. These were only partly offset by larger personnel services (PS) and maintenance and other operating expenses (MOOE). Similarly, Non-NCA expenditures dropped by P8.9 billion or 10.7 percent to P74.0 billion, resulting from lower withholding taxes from government transactions recorded via the Tax Remittance Advice (TRA)¹, and timing of constructive receipt of cash (CRC) payments or those payments made directly by development partners to suppliers/contractors of foreign-assisted projects. Year-to-date, NCA disbursements reached P854.8 billion, higher by P7.3 billion or 0.9 percent year-on-year, while non-NCA disbursements amounted to P234.8 billion, down by P18.9 billion or 7.5 percent from the same period last year, largely on account of lower interest payments, CRC payments, encashment of check floats², and tax expenditures.

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

(Amount in billion pesos, unless otherwise indicated)

Particulars	As of February				March				As of March			
	2022	2023	Inc/(Dec)		2022	2023	Inc/(Dec)		2022	2023	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	448.8	459.9	11.1	2.5	398.7	394.9	(3.8)	(0.9)	847.5	854.8	7.3	0.9
% of Eff. NCA	81.4%	86.8%			117.4%	117.4%			95.1%	98.7%		
Non-NCA	170.8	160.8	(10.1)	(5.9)	82.9	74.0	(8.9)	(10.7)	253.7	234.8	(18.9)	(7.5)
TOTAL	619.7	620.7	1.0	0.2	481.5	468.9	(12.6)	(2.6)	1,101.2	1,089.6	(11.6)	(1.1)
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
As of February				March				As of March				
	2022	551.5			2022	339.5			2022	891.0		
	2023	529.9			2023	336.4			2023	866.2		
Allotment Releases ^{1/}												
As of March 2022	3,484.6 ^{2/}		69.4% of the P5,023.6 billion obligation program									
As of March 2023	4,313.6 ^{2/}		81.9% 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 Document which agencies issue/file with the Bureau of Internal Revenue (BIR) to report and record remittances (constructive payment) of all taxes withheld from transactions. This serves as basis for the BIR and Bureau of the Treasury (BTr) to record as income, the tax collection and deposit in their books of accounts.

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

Allotment Releases

As of end-March 2023, allotment releases were posted at P4,313.6 billion, equivalent to 81.9 percent of the P5,268.0 billion obligation program for the year. In March 2023 alone, some P997.7 billion allotments were released, composed largely of the following big-ticket items:

DEPARTMENT/GOCC	PURPOSE	AMOUNT (In billion pesos)
LGUs	2 nd to 4 th Quarter FY 2023 National Tax Allotment share of LGUs	P615.2
DPWH	Various capital outlays	P253.1
BARMM	2 nd to 4 th Quarter FY 2023 Annual Block Grant	P48.6
BTr	For transfer to the Coconut Farmers and Industry Trust Fund	P15.0
DND	2 nd Quarter Pension	P13.8
PNP	2 nd Quarter Pension	P10.3
DSWD	Additional Financing for the <i>Kapit-Bisig Laban sa Kahirapan</i> - Comprehensive and Integrated Delivery of Social Services: National Community Driven Development Project (KC-NCDDP)	P5.0
	For the implementation of the Philippines Multi-sectoral Nutrition Project	P2.3

Year-on-Year Performance, by Expense Class

For the Month of March 2023

NG disbursements for the month of March 2023 amounted to P468.9 billion, down by P12.6 billion or 2.6 percent from a year ago. The slight reduction resulted from the following expenditures:

- Infrastructure and other capital outlays slid to P83.7 billion, P16.5 billion or 16.5 percent lower year-on-year. This was mainly attributed to the timing of releases for the Revised Armed Forces of the Philippines Modernization Program (RAFPMP) of the Department of National Defense (DND), as well as payments for completed capital outlay projects of the Department Education (DepEd) [e.g., Basic Educational Facilities (BEF)].

For the RAFPMP, some releases were already taken up in January earlier this year while the succeeding requirements are programmed mostly these second to third quarters. In the case of the DepEd, big-ticket payables for their capital outlay projects are expected starting this third quarter. Similarly, direct payments made by development partners for capital outlay projects in March 2023 were lower at P2.3 billion, compared to P4.8 billion in March 2022. It may be noted, however, that substantial CRC payments were already recorded in February earlier this year mostly for rail transport projects of the Department of Transportation (DOTr). Finally, based on consolidated bank reports for the first quarter of 2023, negotiated checks by the Department of Public Works and Highways (DPWH) or those payments presented for encashment by creditors/suppliers were lower year-on-year. Relatedly, some P13.0 billion outstanding checks

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

Expenditure Class	March			
	2022 ^{1/}	2023	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	355.9	360.2	4.3	1.2
Personnel Services	111.6	116.7	5.2	4.6
MOOE	106.9	110.0	3.1	2.9
Subsidy	10.7	10.8	0.1	0.7
Allotment to LGUs	69.8	59.0	(10.8)	(15.5)
IP	55.5	60.9	5.4	9.6
TEF	1.3	2.8	1.5	113.0
CAPITAL OUTLAYS	125.0	108.1	(16.9)	(13.5)
Infra and Other CO	100.2	83.7	(16.5)	(16.5)
Equity	0.4	0.1	(0.3)	(76.4)
Capital Transfers to LGUs	24.3	24.3	0.0	0.1
NET LENDING	0.7	0.6	(0.1)	(13.3)
TOTAL	481.5	468.9	(12.6)	(2.6)

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

were recorded by the agency as of end-March 2023, which are expected to be negotiated in April.

- Allotment to LGUs declined to P59.0 billion, down by P10.8 billion or 15.5 percent year-on-year due to the lower National Tax Allotment (NTA) of LGUs³ and annual block grant (ABG) of the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), as well as the releases for the Local Government Support Fund (LGSF), particularly the Financial Assistance to LGUs.

Meanwhile, capital transfers to LGUs were relatively flat at P24.3 billion. This, likewise, resulted from the lower NTA and ABG, but were only moderated by the releases for the Special Shares of LGUs in the Proceeds of National Taxes.

The minimal contraction of disbursements, however, was partly tempered by the growth posted in the following expense items:

- Interest payments went up by P5.4 billion or 9.6 percent due to coupon payment for March 2022 issuance of Retail Treasury Bonds, Foreign Exchange Rate and Secured Overnight Financing Rate, and coupon payments for Global Bonds and additional issuances of Fixed Rate Treasury Bonds.
- PS expenditures rose by P5.2 billion or 4.6 percent owing largely to the implementation of the fourth tranche of the Salary Standardization Law (SSL) V, filling up of newly created positions in the Philippine Coast Guard (PCG), and pension requirements of the Total Permanent Physical Disability (TPPD) retirees of the Philippine National Police (PNP).
- Maintenance spending grew by P3.1 billion or 2.9 percent year-on-year. The increase was credited to the i) transfer of P15.0 billion to the Coconut Farmers and Industry Trust Fund (CFITF) for the implementation of the Coconut Farmers and Industry Development Plan, ii) payments made by the DND for lease of facility, and iii) releases for the Medical Assistance to Indigent Patients (MAIP), the Health Emergency Allowance (HEA) for non-plantilla positions, as well as the purchase of COVID-related medical supplies (e.g. laboratory and testing kits) of the Department of Health (DOH).

Nevertheless, lower disbursements were recorded by some agencies to partly trim down the growth of MOOE sans the substantial releases and expenditures in March 2022. These included the i) Service Contracting Program (SCP) and Fuel Subsidy Program of the DOTr, ii) payments for the Government Assistance to Students and Teachers in Private Education (GASTPE) Program of the DepEd and the Universal Access to Quality Tertiary Education (UAQTE) Program of the Commission on Higher Education (CHED), as well as iii) spending by the Commission on Elections (COMELEC) for the conduct of the 2022 National and Local Elections (NLE). CRC payments for non-capital expenditures were also lower in March 2023 absent the significant payments for the purchase of COVID-19 vaccines for the same month in the previous year.

- Tax expenditures jumped to P2.8 billion from P1.3 billion in March 2022 on account of the debt instruments issued by the BTr. It may be recalled that lower documentary stamp taxes on government securities were recorded during the first two months of 2023 due to the timing of the said issuances.

³ 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 March 2023

NG expenditures for the first three months of 2023 totaled to P1,089.6 billion, down by P11.6 billion or 1.1 percent year-on-year. The slight decrease was mostly accounted for by the lower combined allotment and capital transfers to LGUs (down by P36.5 billion or 13.7 percent y-o-y) with the decline in the NTA shares, as well as interest payments (down by P7.4 billion or 4.9 percent y-o-y) due to lower payments for Fixed Rate Treasury/Benchmark Bonds. Subsidy support to government corporations was also down (by P5.0 billion or 18.9 percent y-o-y) with the ongoing submission of special budget requests and supporting documents by the concerned government corporations (e.g., National Housing Authority (NHA) and the Bases Conversion and Development Authority [BCDA]).

Table 3. NG Disbursements for the Period January to March, 2022 and 2023

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to March						
	2022	2023		Variance		Increase/(Decrease)	
	Actual ^{1/}	Program ^{2/}	Actual	Amt	%	Amt	%
CURRENT OPERATING EXP.	856.4	866.5	838.3	(28.2)	(3.3)	(18.1)	(2.1)
Personnel Services	295.6	302.5	298.8	(3.7)	(1.2)	3.1	1.1
MOOE	171.5	189.4	194.9	5.5	2.9	23.4	13.6
Subsidy	26.3	26.8	21.3	(5.5)	(20.5)	(5.0)	(18.9)
Allotment to LGUs	207.0	177.8	177.0	(0.8)	(0.5)	(30.0)	(14.5)
IP	149.3	167.4	142.0	(25.4)	(15.2)	(7.4)	(4.9)
TEF	6.6	2.5	4.3	1.8	69.8	(2.3)	(35.2)
CAPITAL OUTLAYS	244.0	250.1	250.6	0.5	0.2	6.6	2.7
Infra and Other CO	183.2	195.8	196.7	0.9	0.5	13.4	7.3
Equity	0.5	0.4	0.1	(0.3)	(72.8)	(0.4)	(76.4)
Capital Transfers to LGUs	60.3	54.0	53.8	(0.1)	(0.2)	(6.5)	(10.8)
NET LENDING	0.7	0.7	0.6	(0.1)	(13.3)	(0.1)	(13.3)
TOTAL	1,101.2	1,117.4	1,089.6	(27.8)	(2.5)	(11.6)	(1.1)
Memo item:							
Infra Disbursements ^{3/}	246.3	258.4	243.7	(14.7)	(5.7)	(2.5)	(1.0)

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

^{2/} FY 2023 Quarterly Fiscal Program approved by the DBCC during its 184th meeting held on April 24, 2023.

^{3/} Include estimated NG infrastructure disbursements, and infrastructure components of subsidy and equity to GOCCs and transfers to LGUs.

Nonetheless, the growth of MOOE and infrastructure expenditures was robust to help moderate the contraction recorded in the abovementioned expense items. Specifically, maintenance spending expanded by P23.4 billion or 13.6 percent, owing mostly to the releases made for the CFITF, MAIP and the COVID-19 related expenditures of the DOH, as well as the implementation of the educational grants and subsidy programs under the DepEd and the Free Higher Education Program of State Universities and Colleges (SUCs). Likewise, infrastructure and other capital outlays went up by P13.4 billion or 7.3 percent year-on-year on account of the implementation of road infrastructure projects of the DPWH and rail transport Foreign-Assisted projects of the DOTr. In all, capital outlays grew by P6.6 billion or 2.7 percent during the first three months of the year vis-à-vis the P18.1 billion or 2.1 percent decline in current operating expenditures.

Meanwhile, when compared to the P1.117 trillion program for the first quarter of 2023, actual disbursements were lower by just P27.8 billion or 2.5 percent, primarily due to the savings in interest payments (P25.4 billion, 15.2 percent) on account of premiums from reissuances, as well as lower

subsidy releases (P5.5 billion, 20.5 percent) pending submission of special budget requests by concerned GOCCs as earlier mentioned.

In terms of the overall infrastructure program, outturns were lower by P14.7 billion or 5.7 percent when compared to the program for the period, owing mainly to the outstanding checks of the DPWH and lower subsidy releases pending requests from the GOCCs implementing infrastructure programs/projects.

On the other hand, minimal variances were recorded in the other expense items which can be mainly attributed to the timing of payables by line departments and encashment of checks by suppliers/creditors, as well as the calibrations made in the initial program to already reflect the preliminary actual outturn for the period.

Outlook for the Rest of the Year

The program balance from the P5,268.0 billion obligation program for the year as of end-March 2023 amounts to P954.4 billion⁴ or 18.1 percent. Based on the preliminary report of allotment releases as of April 30, 2023⁵, some P143.0 billion worth of allotments have been issued in April 2023, which included the following big-ticket releases:

DEPARTMENT/GOCC	PURPOSE	AMOUNT (In billion pesos)
DOTr	To cover the Loan Proceeds requirements for the implementation of the North-South Commuter Railway System, under Japan International Cooperation Agency	P48.8
PHIC	To cover the implementation of health insurance coverage under the Sin Tax Law	P42.9
CHED	For the implementation of the Universal Access to Quality Tertiary Education	P21.3
DILG	PS requirements, mostly for the 2 nd Quarter Pension and gratuity, burial, and medical reimbursement claims of uniformed personnel retirees	P3.5
DND	For the Revised Armed Forces of the Philippines Modernization Program	P1.1

These expenditures may further drive disbursements in the second quarter, on top of the allotments which were already comprehensively released at the start of the year. Line departments, particularly those in the infrastructure sector, are also expected to take advantage of the relatively favorable weather conditions from April to early June to accelerate program/project implementation and construction activities. Similarly, subsidy releases are expected to increase this second quarter with the submission of request by GOCCs and their compliance to documentary requirements and other preconditions for release as may be specified in the applicable general and special provisions of the GAA and other budgeting laws, rules, and regulations. In addition, higher personnel services expenditures are anticipated in May with the release of the FY 2023 mid-year bonus of qualified government employees equivalent to their one-month basic salary. This would be higher compared to the previous year's level due to the implementation of the fourth tranche of the SSL V.

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

⁵ Based on SARO Listing for the period April 1 to 30, 2023. Generated from the DBM eBudget System.