

# NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

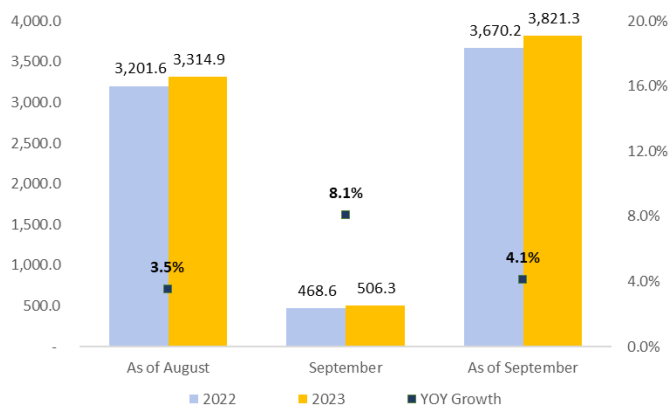
## AS OF SEPTEMBER 2023

National Government (NG) spending for the month of September 2023 climbed to P506.3 billion, increasing by P37.8 billion or 8.1 percent year-on-year. The strong monthly performance was attributed mainly to higher infrastructure and other capital outlays, maintenance and other operating expenses (MOOE), interest payments, and personnel services (PS) expenditures.

This propelled total disbursements to P3,821.3 billion for the first nine months of the year, up by P151.1 billion or 4.1 percent from the previous year's level. The annual growth of spending quickened further from 0.4 percent during the first semester, 2.7 percent as of end-July, and 3.5 percent as of end-August.

The pace of disbursements also sped up, representing 98.9 percent of the P3,862.2 billion program<sup>1</sup> for the period compared to 93.4 percent in the first semester. The overall underspending was substantially reduced to P40.9 billion (1.1 percent of the program) as of end-September 2023, from P170.5 billion (6.6 percent) during the first half of the year. This improvement was credited mainly to the acceleration of infrastructure outlays, particularly by the Department of Public Works and Highways (DPWH), and some partial recovery in MOOE and subsidy releases.

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



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

(Amount in billion pesos, unless otherwise indicated)

Particulars	As of August				September				As of September			
	2022	2023	Inc/(Dec)		2022	2023	Inc/(Dec)		2022	2023	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	2,650.6	2,712.2	61.6	2.3	387.2	411.9	24.7	6.4	3,037.8	3,124.1	86.3	2.8
<i>% of Eff. NCA</i>	<i>93.9%</i>	<i>95.6%</i>			<i>120.8%</i>	<i>115.1%</i>			<i>96.7%</i>	<i>97.8%</i>		
Non-NCA	551.0	602.7	51.8	9.4	81.4	94.5	13.1	16.1	632.4	697.2	64.8	10.3
<b>TOTAL</b>	<b>3,201.6</b>	<b>3,314.9</b>	<b>113.4</b>	<b>3.5</b>	<b>468.6</b>	<b>506.3</b>	<b>37.8</b>	<b>8.1</b>	<b>3,670.2</b>	<b>3,821.3</b>	<b>151.1</b>	<b>4.1</b>
<b>Memo Item</b>												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
	As of August				September				As of September			
	2022	2,821.5			2022	320.4			2022	3,142.0		
	2023	2,837.3			2023	357.8			2023	3,195.0		
<b>Allotment Releases<sup>a/</sup></b>												
As of September 2022	5,014.8 <sup>b/</sup>	95.6% of the P5,243.8 billion obligation program <sup>c/</sup>										
As of September 2023	5,118.1 <sup>b/</sup>	97.2% of the P5,268.0 billion obligation program										

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

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

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

<sup>c/</sup> Refers to the adjusted program which includes additional program releases coming from the Unprogrammed Appropriations and Other Automatic Appropriations.

By type of disbursements, Notice of Cash Allocation (NCA) or cash disbursements in September 2023 grew to P411.9 billion, up by P24.7 billion or 6.4 percent year-on-year. The growth was credited to higher capital outlays, maintenance spending, and PS. Similarly, Non-NCA disbursements went up by P13.1

<sup>1</sup> FY 2023 Quarterly Fiscal Program approved by the DBCC during its 184<sup>th</sup> meeting held on April 24, 2023.

billion or 16.1 percent and amounted to P94.5 billion, owing to higher interest payments and net lending. Year-to-date, NCA disbursements reached P3,124.1 billion, up by P86.3 billion or 2.8 percent year-on-year, while Non-NCA disbursements were posted at P697.2 billion, P64.8 billion or 10.3 percent more than the level recorded a year ago.

## Allotment Releases

As of end-September 2023, allotment releases totaled P5,118.1 billion, equivalent to 97.2 percent of the P5,268.0 billion obligation program for the year. For the month of September 2023 alone, some P56.7 billion worth of allotment releases were released, composed largely of 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
Department of Transportation (DOTr)	Fuel Subsidy Program	P3.0 billion
	Active Transport Bike Share System and Safe Pathways Program	P705.0 million
Department of National Defense (DND)	To cover customs duties and taxes arising from the importations of various items consigned to the DND	P1.9 billion

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

### For the Month of September 2023

NG expenditures for the month of September 2023 rose to P506.3 billion, up by P37.8 billion or 8.1 percent year-on-year. This robust performance was driven by the growth of the following expenditure items:

- Infrastructure and other capital outlays jumped to P117.3 billion, P18.1 billion or 18.3 percent more when compared to the outturn in September last year. The increase was mostly due to the implementation of the infrastructure projects of the DPWH nationwide, such as the construction, rehabilitation, and preventive maintenance of roads, bridges, and flood control structures; capital outlay projects under the Revised AFP

**Table 2. NG Disbursements for the Month of September 2023**

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	September			
	2022 <sup>a/</sup>	2023	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	342.7	365.1	22.4	6.5
Personnel Services	112.1	119.2	7.1	6.4
MOOE	73.0	90.4	17.4	23.8
Subsidy	23.7	21.3	(2.4)	(10.1)
Allotment to LGUs	69.8	59.2	(10.5)	(15.1)
IP	59.9	71.4	11.6	19.3
TEF	4.3	3.6	(0.7)	(16.9)
CAPITAL OUTLAYS	125.3	139.1	13.8	11.0
Infra and Other CO	99.1	117.3	18.1	18.3
Equity	0.1	0.1	0.0	4.9
Capital Transfers to LGUs	26.1	21.7	(4.4)	(16.7)
NET LENDING	0.6	2.2	1.6	260.8
<b>TOTAL</b>	<b>468.6</b>	<b>506.3</b>	<b>37.8</b>	<b>8.1</b>

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

Modernization Program (RAFPMP) of the DND; and the Rice Competitiveness Enhancement Fund (RCEF) Mechanization Program of the Philippine Center for Postharvest Development and Mechanization (PHilMech).

- MOOE expanded to P90.4 billion, increasing by P17.4 billion or 23.8 percent year-on-year. This was mainly on account of the payouts for the implementation of the *Pantawid Pamilyang Pilipino* Program (4Ps) and the Protective Services for Individuals and Families in Difficult Circumstances of the Department of Social Welfare and Development (DSWD). Higher MOOE disbursements were also contributed by the following programs:
  1. Fuel Subsidy Program of the DOTr;
  2. Payments for Public Health Emergency Benefits and Allowance for non-plantilla healthcare workers (HCWs) and non-HCWs in LGUs/private sector, and for the Medical Assistance to Indigent Patients (MAIP) Program of the Department of Health (DOH); and
  3. Scholarship programs of the Technical Education and Skills Development Authority (TESDA).
- Interest payments climbed to P71.4 billion, P11.6 billion or 19.3 percent larger than a year ago due to coupon payments for issuances of retail treasury bonds and fixed rate treasury bonds/benchmark bonds in 2022, coupon payment for reissuances of fixed rate treasury bonds/benchmark bonds, and the effects of higher Secured Overnight Financing Rate.
- PS expenditures grew to P119.2 billion, higher by P7.1 billion or 6.4 percent year-on-year largely due to the implementation of the fourth tranche of the Salary Standardization Law of 2019 (SSL V); releases for the FY 2021 Performance-Based Bonus (PBB) of the eligible school-based personnel of the DepEd, and higher filled-up rates for police officer positions and payments for retirement gratuity and terminal leave benefits in the Philippine National Police (PNP).

On the other hand, transfers to LGUs and subsidy support to government corporations weighed down on the growth of disbursements for the month. In particular, combined allotment and capital transfers to LGUs declined to P80.9 billion, lower by P14.9 billion or 15.6 percent year-on-year due to the lower National Tax Allotment (NTA) of LGUs<sup>2</sup>.

Meanwhile, subsidy decreased to P21.3 billion, down by P2.4 billion or 10.1 percent mostly due to the timing of releases to the Philippine Health Insurance Corporation (PHIC) for its National Health Insurance Program (NHIP). Specifically, no releases were made to the PHIC for the month of September this year. It may be recalled that P50.6 billion was already released for the purpose from January to August this year. Meanwhile, P44.9 billion total releases were made during the period January to September 2022, of which P11.2 billion was released in September of the same year. This was, however, partially offset by the releases to the National Housing Authority (NHA) for its accounts payables related to the construction of buildings for the Resettlement of Informal Settler Families, and Housing Assistance Program for Calamity Victims.

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<sup>2</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. Hence, resulting in lower NTA shares of LGUs for 2023.

For the Third Quarter of 2023

In terms of quarterly performance, significant improvement was observed in the third quarter of 2023 where spending grew by P141.0 billion or 11.1 percent. Actual disbursements, likewise, exceeded the P1,279.8 billion program by P129.6 billion or 10.1 percent, indicating the catching-up of spending performance by various line agencies.

Notably, infrastructure disbursements accelerated, increasing by P100.6 billion (40.2 percent) year-on-year and surpassing the program by P92.7 billion (36.0 percent). These were comprised largely of DPWH's payables for completing projects from prior year's budget/continuing appropriations and new and ongoing projects funded under this year's GAA. Maintenance spending also grew by P38.0 billion (19.0 percent) year-on-year and exceeded the program by P13.3 billion (5.9 percent). This was a reversal of the P65.7 billion (14.3 percent of the program) underspending in the first semester of 2023 mainly due to the catching-up of disbursement performance by the DSWD and DOH, specifically for their banner social protection and health programs, respectively. Lastly, subsidy to government corporations increased by P3.9 billion (5.6 percent) and went over the program by P34.1 billion (86.6 percent). The overperformance resulted from the change of timing of releases to PHIC and NHA to Q3 this year while bulk of their subsidy requirements was programmed during the first half of the year.

**Table 3. NG Disbursements for the Third Quarter, 2022 and 2023**

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	Third Quarter						
	2022 Actual <sup>a/</sup>	2023		Variance		Increase/(Decrease)	
		Program <sup>b/</sup>	Actual	Amt	%	Amt	%
CURRENT OPERATING EXP.	925.1	955.4	999.0	43.6	4.6	73.8	8.0
Personnel Services	296.8	330.8	324.1	(6.7)	(2.0)	27.4	9.2
MOOE	199.9	224.6	237.9	13.3	5.9	38.0	19.0
Subsidy	69.5	39.4	73.4	34.1	86.6	3.9	5.6
Allotment to LGUs	206.9	179.5	178.7	(0.8)	(0.5)	(28.3)	(13.7)
IP	142.8	176.6	177.7	1.1	0.6	34.9	24.4
TEF	9.2	4.4	7.2	2.8	62.0	(2.0)	(22.1)
CAPITAL OUTLAYS	334.9	314.0	405.0	91.1	29.0	70.2	21.0
Infra and Other CO	249.9	257.7	350.4	92.7	36.0	100.6	40.2
Equity	0.2	0.9	0.1	(0.8)	(88.4)	(0.1)	(55.9)
Capital Transfers to LGUs	84.8	55.4	54.5	(0.9)	(1.7)	(30.3)	(35.7)
NET LENDING	8.5	10.5	5.5	(5.0)	(47.9)	(3.0)	(35.6)
<b>TOTAL</b>	<b>1,268.4</b>	<b>1,279.8</b>	<b>1,409.4</b>	<b>129.6</b>	<b>10.1</b>	<b>141.0</b>	<b>11.1</b>

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

<sup>b/</sup> FY 2023 Quarterly Fiscal Program approved by the DBCC during its 184th meeting held on April 24, 2023.

**Table 4. NG Disbursements for the Period January to September, 2022 and 2023**

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to September						
	2022	2023		Variance		Increase/(Decrease)	
	Actual <sup>a/</sup>	Program <sup>b/</sup>	Actual	Amt	%	Amt	%
CURRENT OPERATING EXP.	2,727.3	2,929.7	2,784.8	(144.9)	(4.9)	57.5	2.1
Personnel Services	962.8	1,031.9	1,000.8	(31.1)	(3.0)	38.0	3.9
MOOE	592.9	685.3	632.8	(52.4)	(7.7)	40.0	6.7
Subsidy	122.3	185.0	137.1	(47.9)	(25.9)	14.9	12.2
Allotment to LGUs	621.5	537.2	533.6	(3.6)	(0.7)	(87.8)	(14.1)
IP	400.0	479.4	460.1	(19.3)	(4.0)	60.1	15.0
TEF	28.0	10.9	20.3	9.4	85.8	(7.7)	(27.3)
CAPITAL OUTLAYS	922.8	907.4	1,018.9	111.4	12.3	96.0	10.4
Infra and Other CO	720.3	740.7	857.6	116.9	15.8	137.3	19.1
Equity	0.9	2.0	0.3	(1.7)	(85.7)	(0.6)	(69.7)
Capital Transfers to LGUs	201.6	164.7	161.0	(3.8)	(2.3)	(40.6)	(20.2)
NET LENDING	20.0	25.1	17.7	(7.4)	(29.6)	(2.4)	(11.9)
<b>TOTAL</b>	<b>3,670.2</b>	<b>3,862.2</b>	<b>3,821.3</b>	<b>(40.9)</b>	<b>(1.1)</b>	<b>151.1</b>	<b>4.1</b>
<b>Memo Item</b>							
Infra Disbursements <sup>c/</sup>	904.6	939.7	1,021.0	81.4	8.7	116.4	12.9

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

<sup>b/</sup> FY 2023 Quarterly Fiscal Program approved by the DBCC during its 184th meeting held on April 24, 2023.

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

NG disbursements as of end-September 2023 reached P3,821.3 billion, higher by P151.1 billion or 4.1 percent year-on-year. Among the expenditure items that recorded substantial increases are, as follows:

- Infrastructure and other capital outlays increased by P137.3 billion or 19.1 percent on the back of the strong spending performance of the DPWH, and the constructive receipt of cash (CRC) payments<sup>3</sup> of the DOTr for their foreign-assisted rail transport projects.

Including the infrastructure components of transfers to LGUs and subsidy and equity to GOCCs, the overall infrastructure disbursements as of end-September 2023 amounted to P1,021.0 billion, up by P116.4 billion or 12.9 percent. This was equivalent to 5.9 percent of GDP, exceeding the full year target of 5.3 percent for this year.

- Interest payments grew by P60.1 billion or 15.0 percent due to coupon payments for issuances of retail treasury bonds, fixed rate treasury bonds/benchmark bonds, and global bonds; and higher interest rates including Secured Overnight Financing Rate.
- Maintenance spending went up by P40.0 billion or 6.7 percent on account of the payment of Public Health Emergency Benefits and Allowance for non-plantilla HCWs and non-HCWs and the MAIP program of the DOH, and the implementation of the 4Ps of the DSWD and the banner programs of the Department of Agriculture (DA).

<sup>3</sup> Direct payments made to suppliers by development partners for the implementation of Foreign-Assisted Projects.

- PS expenditures rose by P38.0 billion or 3.9 percent largely due to the implementation of the SSL V, filling up of newly created positions in various agencies and State Universities and Colleges (SUCs), the release of the FY 2021 PBB of DepEd, and the payment of Health Emergency Allowance to plantilla HCWs of the DOH.
- Subsidy improved by P14.9 billion or 12.2 percent owing to the releases to the PHIC for the NHIP and to the NHA for its various housing projects and assistance programs.

However, the growth of spending was moderated by the decline in the transfers to LGUs mainly on account of their lower NTA shares.

### *Actual vs Program Disbursements*

When assessed against the P3.862 trillion program for the first three quarters of 2023, NG disbursements were lower by P40.9 billion or 1.1 percent. Nevertheless, this narrowed down by P129.6 billion from the P170.5 billion or 6.6 percent spending gap during the first half of the year. Infrastructure spending propelled spending performance for the period, surpassing the P740.7 billion program by P116.9 billion or 15.8 percent with the settlement of accounts payables and faster implementation of infrastructure activities of the DPWH.

Meanwhile, lower-than-programmed MOOE, subsidy, and PS were registered during the period due to the following reasons:

- MOOE were below the P685.3 billion program by P52.4 billion or 7.7 percent due to the ongoing implementation of the social programs of the DSWD such as the 4Ps, the Protective Services for Individuals and Families in Difficult Circumstances, the Sustainable Livelihood Program, and the Supplementary Feeding Program, and the Branding Campaign Program of the Department of Tourism (DOT).
- Subsidy was lower than the P185.0 billion program by P47.9 billion or 25.9 percent mainly on account of the pending releases to the PHIC for the NHIP and to the NIA for their irrigation projects.
- PS fell short of the P1,031.9 billion program by P31.1 billion or 3.0 percent, attributed to the balances in PS lumpsum funds, and the ongoing filling-up of positions in various agencies, particularly in the DepEd.

### **Outlook for the Rest of the Year**

As of September 30, 2023, the balance from the P5,268.0 billion obligation program for the year amounts to P149.9 billion<sup>4</sup> or 2.8 percent. This is largely composed of some P84.1 billion in agency-specific budget and P130.5 billion Special Purpose Funds (SPFs). The release of said balance is subject to the submission of special budget requests and pertinent supporting documents.

Meanwhile, the balance from the disbursement program for the remainder of the year amounts to P1,407.1 billion or 26.9 percent of the P5,228.4 billion full-year program. The government is confident

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

that the disbursement program for the year will be met since quicker NCA utilization<sup>5</sup> is expected during the fourth quarter of 2023. Based on historical trends, agencies generally fast-track obligations and payments before the closing of books and the lapsing of NCAs at the end of the year. This can be observed in the NCA disbursement rates (i.e., actual disbursements of NCAs issued/credited for the period) during the fourth quarters of FY 2020 (94.4 percent), FY 2021 (98.8 percent), and FY 2022 (99.2 percent). In addition, line departments only have until November 15 to submit their requests for the release of additional funds and/or cash allocations pursuant to Circular Letter No. 2023-13 dated October 2, 2023 and pursuant to National Budget Circular No. 590.

Furthermore, expenditure items that can support disbursements for the remaining months of the year include the following:

1. payouts for 4Ps and other social protection programs of the DSWD;
2. educational grants/assistance, operating expenses of the DepEd, various SUCs following the opening of school/academic year between late August and early September;
3. release of the Rice Farmer Financial Assistance Program of the DA;
4. infrastructure spending by the DPWH (road network development), the DOTr (rail transport programs/projects, including direct payments made by development partners), and the DND (Revised AFP Modernization Program);
5. subsidy releases to the National Irrigation Administration for irrigation projects; and
6. requirements of filling-up of positions, year-end bonus and cash gift this November.

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<sup>5</sup> For this purpose, NCA utilization is defined as the rate by which NCAs issued and credited during the period **were actually disbursed** as taken-up in the BTr's Cash Operations Report.