

NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

FOR THE PERIOD JANUARY TO FEBRUARY 2025

National Government (NG) disbursements as of end-February 2025 reached P822.0 billion, increasing by P99.5 billion or 13.8 percent year-on-year. The sizable expansion of government spending for the first two months of the year was mainly credited to higher infrastructure and other capital outlays, allotment to local government units (LGUs), maintenance and other operating expenses (MOOE), as well as interest payments.

By type of disbursements, cash disbursements or those issued with Notice of Cash Allocations (NCA) grew to P571.9 billion as of end-February 2025. The P58.5 billion or 11.4 percent increase was on account of higher transfers to LGUs, maintenance spending, and infrastructure expenditures. Similarly, Non-NCA disbursements for the same period jumped to P250.1 billion, up by P40.9 billion or 19.6 percent year-on-year due to larger interest payments, tax expenditures, withholding taxes from government transactions recorded via the Tax Remittance Advice,¹ and Constructive Receipt of Cash payments.²

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

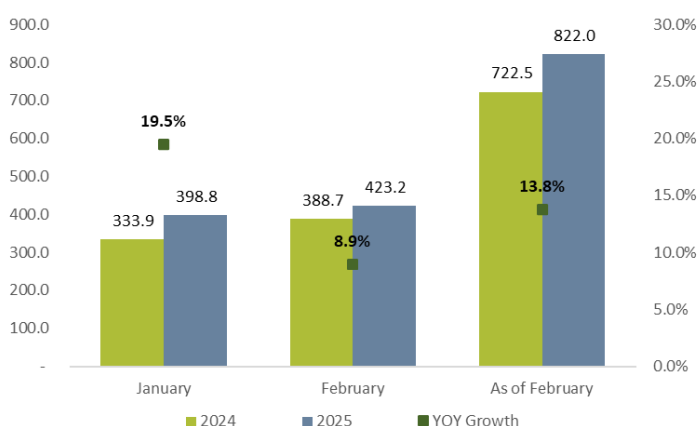


Table 1. Comparison of NCA and Non-NCA Disbursements, 2024-2025

(Amount in billion pesos, unless otherwise indicated)

Particulars	January				February				As of February			
	2024	2025	Inc/(Dec)		2024	2025	Inc/(Dec)		2024	2025	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA ^{a/}	187.5	227.6	40.2	21.4	325.9	344.3	18.4	5.6	513.4	571.9	58.5	11.4
% of Eff. NCA	62.6%	75.3%			103.4%	83.4%			83.5%	80.0%		
Non-NCA	146.4	171.2	24.8	16.9	62.8	78.9	16.1	25.7	209.2	250.1	40.9	19.6
TOTAL	333.9	398.8	64.9	19.5	388.7	423.2	34.5	8.9	722.5	822.0	99.5	13.8
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
	January				February				As of February			
	2024	299.6			2024	315.2			2024	614.8		
	2025	302.2			2025	412.7			2025	714.9		
Allotment Releases^{b/}												
As of February 2024	4,574.4	^{c/}	79.3%	of the P5,767.6 billion obligation program								
As of February 2025	4,236.7	^{c/}	67.0%	of the P6,326.3 billion obligation program								

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

^{a/} NCA disbursements pertain to negotiated checks.

^{b/} Based on the Status of Allotment Releases available at <https://www.dbm.gov.ph/index.php/status-of-allotment-releases>.

^{c/} Includes other releases coming from the Prior Year's Continuing Appropriations, Unprogrammed Appropriations, and/or 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 Direct payments made to suppliers by development partners for the implementation of foreign-assisted projects.

Allotment Releases

As of February 28, 2025, total allotment releases amounted to P4,236.7 billion or 67.0 percent of the P6,326.3 billion obligation program for the year. Aside from the P2,879.3 billion which was already comprehensively released on the first working day of 2025,³ an additional P1,288.8 billion worth of allotments was issued, composed mainly of the following big-ticket items:⁴

DEPARTMENT/GOCC	PURPOSE	AMOUNT (In billion pesos)
LGUs	National Tax Allotment (NTA) Shares of LGUs for FY 2025	P1,034.6
Bangsamoro Autonomous Region in Muslim Mindanao	Annual Block Grant for FY 2025, including the 2020 and 2021 prior years' shares	P83.4
Department of National Defense	1st Quarter Pension	P14.3
Philippine National Police	1st Quarter Pension	P10.8
Power Sector Assets and Liabilities Management Corporation	Implementation of the <i>Murang Kuryente</i> Act	P8.0
Manila International Airport Authority	Tax subsidy for corporate income tax liabilities	P7.5
Philippine Fisheries Development Authority	NG subsidy for the construction, rehabilitation, and improvement of fish ports	P5.5
Technical Education and Skills Development Authority	Universal Access to Quality Tertiary Education	P3.4
Commission on Higher Education	FY 2025 Higher Education Development Fund	P1.5

³ Some P2,879.3 billion was comprehensively released under NBC No. 595 dated January 20, 2025, or the Guidelines on the Release of Funds for FY 2025, as part of the government's GAA-As-An-Allotment Order Policy where detailed items in the budget are deemed released. Of this amount, P2,804.1 billion pertains to agency-specific budgets, representing 75.9 percent of the total P3,694.2 billion programmed regular budgets of agencies.

⁴ Based on SARO Listing for the period January 1, 2025 to February 28, 2025. Generated from the DBM e-Budget System.

Year-on-Year Performance, January to February 2025

NG disbursements as of end-February 2024 rose to P822.0 billion, up by P99.5 billion or 13.8 percent year-on-year. Spending for the two-month period was propelled by the following expense items:

- Infrastructure and other capital outlays surged to P148.3 billion, higher by P27.8 billion or 23.1 percent from a year ago. The robust infrastructure spending outturn was mainly credited to the disbursement performance of the Department of Public Works and Highways (DPWH) from the 1) completion of carryover infrastructure projects, 2) payments for emergency and disaster-related civil works, 3) Right-of-Way settlements, 4) increased volume of contractor billings, and 5) expedited processing of accounts payables and enhanced coordination between the DPWH and implementing offices. Some of the programs/projects of the DPWH for the period included the construction and/or maintenance of roads, bridges, flood control structures, and multi-purpose buildings.

Table 2. NG Disbursements for the Period January to February, 2024 and 2025
(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to February			
	2024 ^{a/}	2025	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	547.8	635.0	87.2	15.9
Personnel Services	186.9	189.3	2.4	1.3
MOOE	99.0	122.3	23.3	23.6
Subsidy	12.7	12.0	(0.8)	(5.9)
Allotment to LGUs	125.6	149.5	23.8	19.0
IP	122.0	152.9	30.8	25.3
TEF	1.6	9.2	7.6	478.0
CAPITAL OUTLAYS	174.7	187.0	12.2	7.0
Infra and Other CO	120.5	148.3	27.8	23.1
Equity	0.0	0.0	0.0	433.3
Capital Transfers to LGUs	54.2	38.6	(15.6)	(28.8)
NET LENDING	-	-	-	--
TOTAL	722.5	822.0	99.5	13.8
Memo item:				
Infrastructure Disbursements ^{b/}	153.4	182.9	29.5	19.3

^{a/} Adjusted based on the full-year 2024 BTr Cash Operations Report (COR).

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

Furthermore, the direct payments made by development partners for progress billings of ongoing foreign-assisted projects of the Department of Transportation, such as the North-South Commuter Extension Project, South Commuter Railway Project, Davao Public Transport Modernization Project, as well as the DPWH for its Pasig-Marikina Rivel Channel Improvement Project, helped sustain the strong infrastructure and other capital expenditure performance during the first two months of the year.

- Allotment to LGUs increased to P149.5 billion, up by P23.8 billion or 19.0 percent year-on-year resulting from the higher NTA shares of LGUs due to the continued recovery of tax revenues in 2022 – the base year from which the actual FY 2025 NTA shares were determined.⁵ This year's total NTA amounts to P1,034.6 billion or P163.2 billion (18.7%) larger when compared to the FY 2024 level of P871.4 billion.

Meanwhile, capital transfers to LGUs declined by P15.6 billion or 28.8 percent mainly due to the variation in the timing or schedule of releases for the Special Shares of LGUs in the Proceeds of National Taxes (SSLPNT), particularly for tobacco excise taxes. In February last year, some P21.0 billion was released, representing the FY 2023 shares of concerned LGUs from tobacco excise tax collections. Releases for this year, meanwhile, are programmed at the beginning of the second semester.

⁵ 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.

- MOOE expanded to P122.3 billion, P23.3 billion or 23.6 percent more year-on-year. The notable increase was credited to the implementation of the following programs:
 - i. *Pantawid Pamilyang Pilipino Program (4Ps)*, Protective Services for Individuals and Families in Difficult Circumstances, and Social Pension for Indigent Senior Citizens Program of the Department of Social Welfare and Development (DSWD);
 - ii. Medical Assistance for Indigent and Financially Incapacitated Patients Program of the Department of Health (DOH); and
 - iii. Training of poll workers for the 2025 midterm elections of the Commission on Elections (COMELEC).
- Interest payments increased to P152.9 billion, P30.8 billion or 25.3 percent more year-on-year due to new and additional issuances of fixed rate treasury/benchmark bonds and retail treasury bonds, as well as higher volume of treasury bills.
- Tax expenditures went up by P7.6 billion, largely on account of the P7.5 billion tax subsidy granted to the Manila International Airport Authority for corporate income tax liabilities.
- Personnel Services (PS) expenditures slightly grew by P2.4 billion or 1.3 percent due to the implementation of the 2nd tranche of salary adjustments of qualified civilian government employees pursuant to Executive Order (E.O.) No. 64 dated August 2, 2024.⁶ The growth of PS disbursements, however, was slightly tempered by outstanding checks as well as timing of payments (e.g., ongoing processing or submission of documents/requirements) in some PS-heavy departments/agencies.

Outlook for the Rest of the Year

As of February 28, 2025, the program balance amounts to P2,089.6 billion⁷ or 33.0 percent of the total P6,326.3 billion obligation program for the year. The remaining releases consist largely of interest payments (P848.0 billion), agency-specific budgets (P883.0 billion), and Special Purpose Funds or SPFs (P356.0 billion).

In terms of agency-specific budgets, the balance mostly pertains to the infrastructure projects of the DPWH and other budgetary items that are subject to conditional implementation pursuant to the President's Veto Message. These conditionalities ensure strict compliance with relevant implementing guidelines and other applicable budgeting laws, rules, and regulations⁸ and thereby prevent misuse of funds and duplication of program benefits and/or beneficiaries. Expenditures which are for conditional implementation require the issuance of Special Allotment Release Order (SARO).⁹ On the other hand, the unreleased allotments from SPFs are the balances from the Pension and Gratuity Fund, Allocation to Local Government Units, Miscellaneous Personnel Benefits Fund, Budgetary Support to Government Corporations, Revised Armed Forces of the Philippines Modernization Program, National Disaster Risk Reduction and Management Fund, and Contingent Fund. Releases for the said funds are also subject to the submission of special budget requests and documentary requirements by the implementing agencies concerned. This is in compliance with the applicable general and special

⁶ Entitled "Updating the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of an Additional Allowance, and for Other Purposes"

⁷ Net of the releases for FY 2024 Continuing Appropriations, Unprogrammed Appropriations, and other Automatic Appropriations accommodated within the total obligation program.

⁸ President's Veto Message on FY 2025 General Appropriations Act (GAA). Available at: <https://www.dbm.gov.ph/index.php/2025/presidents-veto-message-on-fy-2025-general-appropriations-act-gaa>

⁹ Appropriation Items identified under Schedule II of NBC No. 595 dated January 20, 2025.

provisions of the General Appropriations Act and other pertinent budgeting laws, rules, and regulations.

Meanwhile, disbursements for March 2025 likely improved significantly as line agencies were expected to have utilized their remaining cash allocations that have been fully credited during the first quarter of the year. Non-utilization would let the cash allocations lapse on the last working day of the quarter. Likewise, spending agencies had likely expedited disbursements ahead of the 45-day election ban¹⁰ on release, disbursements, or expenditure of public funds that took effect on March 28.

Spending for April 2025 is expected to temporarily slow down as the election-related prohibition might impede the implementation of some programs and projects. Nevertheless, as observed or experienced in similar election periods, disbursement are seen to pick up strongly towards the latter part of May to June after the election ban is lifted. In addition, key infrastructure projects of various government agencies,¹¹ as well as major health, housing, agriculture, education and labor sector programs under the DOH, National Housing Authority, Department of Agriculture, Bureau of Fisheries and Aquatic Resources, Commission on Higher Education, and Department of Labor and Employment, respectively, have been exempted by the COMELEC from the election ban.¹² The COMELEC has also exempted key programs of the DSWD, such as the *Ayuda sa Kapos ang Kita* Program, the 4Ps, and the Assistance to Individuals in Crisis Situation.¹³ These exemptions will ensure the continued and unhampered delivery of public goods and services, particularly social protection programs and public infrastructure activities that are both critical to sustained poverty reduction efforts and economic recovery.

¹⁰ Pursuant to the Omnibus Election Code as promulgated in COMELEC Resolution No. 11078 dated November 13, 2024.

¹¹ Philippine News Agency. Available at:

<https://www.pna.gov.ph/index.php/articles/1239942#:~:text=Also%20exempted%20are%20the%20NCR,%3B%20Manila%20Bay%2DPasig%20River%2D>

¹² Philippine News Agency. Available at: <https://www.pna.gov.ph/articles/1240138>. Accessed on April 24, 2025.

¹³ DSWD Press Release. Available at: <https://www.dswd.gov.ph/dswd-chief-lauds-comelecs-exemption-of-agency-programs-from-poll-spending-ban/>. Accessed on April 24, 2025.