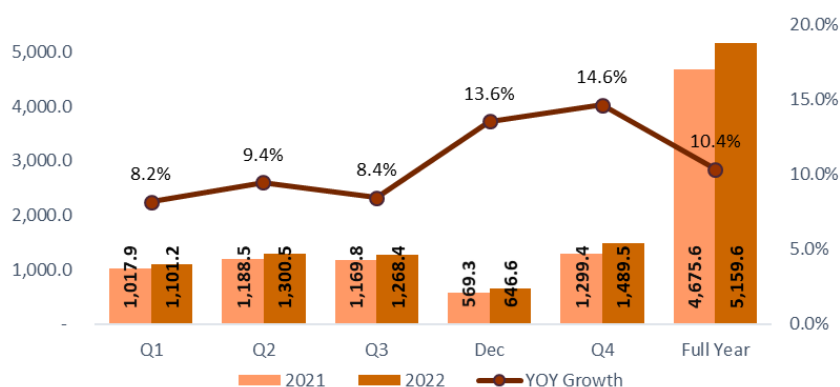


NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF DECEMBER 2022

Full year 2022 National Government (NG) spending stood at P5,159.6 billion, posting a 10.4 percent growth or equivalent to P484.0 billion increase year-on-year. Disbursements for the period were mainly driven by higher transfers to Local Government Units (LGUs), infrastructure and other capital outlays, personnel services (PS) expenditures, and interest payments. Spending for the month of December 2022 alone amounted to P546.6 billion, P77.2 billion or 13.6 percent more than the outturn for the same month in 2021 as increases were recorded in almost all expenditure items (*see year-on-year performance discussion*).

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



With respect to the quarterly disbursement performance, the growth of spending was also propelled by higher transfers to LGUs, PS expenditures, and interest payments, which exhibited significant increases throughout Q1 to Q4. Infrastructure and other capital outlays, on the other hand, were lower in Q1 due to the timing of payables for regular infrastructure programs and the election ban in connection with the conduct of the 2022 National and Local Elections, but steadily rose beginning the end of Q2 onwards. Meanwhile, the growth of NG spending on maintenance and other operating expenses (MOOE) was slower, attributed to the timing of releases for the *Pantawid Pamilyang Pilipino* Program (4Ps) of the Department of Social Welfare and Development (DSWD), as well as the completed payments for procurement of COVID-19 vaccines during the third quarter of 2021.

Overall, spending grew fastest in Q4 at 14.6 percent, nearly 6.0 percentage points (pp) higher than the average growth of disbursements for the first three quarters of 2022 at 8.7 percent. Q4 disbursements also accounted for almost 29.0 percent of the full year 2022 NG spending. This trend is consistent with expectations as line agencies usually accelerate disbursements towards the end of the year when most due and demandable payables come in, and before the lapsing of cash allocations as well as agency closing of books.

In terms of the use of disbursement authorities, NCA expenditures in December 2022 went up by P57.9 billion or 11.2 percent year-on-year to reach P574.6 billion due to higher non-interest expenses, such as transfers to LGUs, subsidy and equity support to Government-Owned and -Controlled Corporations (GOCCs), maintenance spending, infrastructure and other capital outlays, and PS. Meanwhile, Non-NCA disbursements amounted to P71.9 billion, increasing by P19.3 billion or 36.7 percent year-on-year owing to larger interest payments, constructive receipts of cash (CRC) payments¹, and withholding taxes from government transactions recorded via the Tax Remittance Advice (TRA)².

¹ Direct payments made to suppliers by development partners for the implementation of Foreign-Assisted Projects.

² 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 BIR and Bureau of the Treasury (BTr) to record as income, the tax collection and deposit in their books of accounts.

Table 1. Comparison of NCA and Non-NCA Disbursements, 2021-2022

(Amount in billion pesos, unless otherwise indicated)

Particulars	As of November				December				As of December			
	2021	2022	Inc/(Dec)		2021	2022	Inc/(Dec)		2021	2022	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	3,401.6	3,773.7	372.1	10.9	516.7	574.6	57.9	11.2	3,918.3	4,348.4	430.0	11.0
<i>% of Eff. NCA</i>	<i>90.6%</i>	<i>93.4%</i>			<i>137.2%</i>	<i>136.6%</i>			<i>94.9%</i>	<i>97.4%</i>		
Non-NCA	704.7	739.4	34.7	4.9	52.6	71.9	19.3	36.7	757.3	811.3	54.0	7.1
TOTAL	4,106.3	4,513.1	406.8	9.9	569.3	646.6	77.2	13.6	4,675.6	5,159.6	484.0	10.4
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
	As of November				December				As of December			
	2021	3,754.0			2021	376.7			2021	4,130.7		
	2022	4,042.4			2022	420.8			2022	4,463.2		
Allotment Releases ^{1/}												
As of December 2021	4,626.0	100.0% of the P4,626.0 billion obligation program										
As of December 2022	5,242.1 ^{2/}	100.0% of the P5,242.1 billion obligation program ^{3/}										

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/} Preliminary and subject to updating.^{3/} Refers to the adjusted program which includes additional program releases coming from Unprogrammed Appropriations and/or Other Automatic Appropriations.

For the full year 2022, NCA disbursements grew by P430.0 billion or 11.0 percent to reach P4,348.4 billion. These are equivalent to 97.4 percent of the P4,463.2 billion effective NCAs issued for the year, greater than 94.9 percent rate in 2021 on account of the relatively faster disbursement performance in 2022. On the other hand, Non-NCA disbursements amounted to P811.3 billion, up by P54.0 billion or 7.1 percent resulting from higher interest payments and TRA.

Year-on-Year Performance, by Expense Class

For the Month of December 2022

NG disbursements for the month of December 2022 jumped to P646.6 billion, higher by P77.2 billion or 13.6 percent year-on-year with most expenditure items posting significant increases:

- Infrastructure and other capital outlays soared to P153.5 billion, up by P18.8 billion or 14.0 percent more than the level recorded in December 2021. The increase was credited to the disbursements of the Department of Public Works and Highways (DPWH) owing to the implementation of various infrastructure projects nationwide, such

as the construction and rehabilitation of access, by-pass and diversion roads, bridges; flood mitigation activities (e.g., construction of bank protection and main drainage); and progress billings for the construction of the New Senate Building and the New Bureau of Immigration Main Office Building and Annex, among others. The growth of infrastructure and other capital expenses, however, was slightly trimmed down by the one-off releases in December 2021 for the Revised AFP Modernization Program (RAFPMP) of the Department of National Defense

Table 2. NG Disbursements for the Month of December 2022

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	December			
	2021	2022	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	396.6	445.6	49.0	12.3
Personnel Services	164.4	170.3	5.9	3.6
MOOE	119.8	125.8	6.0	5.0
Subsidy	21.4	32.1	10.7	50.2
Allotment to LGUs	59.7	70.4	10.7	17.9
IP	27.3	43.6	16.3	59.6
TEF	4.1	3.4	(0.6)	(15.3)
CAPITAL OUTLAYS	172.1	200.8	28.7	16.7
Infra and Other CO	134.7	153.5	18.8	14.0
Equity	0.4	10.2	9.8	2,228.5
Capital Transfers to LGUs	37.0	37.1	0.2	0.5
NET LENDING	0.6	0.1	(0.5)	(76.4)
TOTAL	569.3	646.6	77.2	13.6

(DND) and for the development of smart campuses of the Commission on Higher Education (CHED).

- Interest payments climbed to P43.6 billion, P16.3 billion or 59.6 percent higher year-on-year due to coupon payment for FY 2021-2022 issuances of Retail Treasury Bonds (RTB), as well as the foreign exchange differential and higher Secured Overnight Financing Rate (SOFR) which resulted in larger foreign interest payments.
- Allotment to LGUs increased by P10.7 billion or 17.9 percent to reach P70.4 billion. This was primarily on account of the higher National Tax Allotment (NTA) of LGUs (formerly Internal Revenue Allotment or IRA) with the first year of implementation of the Supreme Court decision on the *Mandanas-Garcia* petitions. The higher annual block grant to the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), and the releases for the Local Government Support Fund - Financial Assistance to LGUs (LGSF-FA) and Support for Capital Outlays and Social Programs also contributed to the said increase.
- Subsidy support to government corporations went up by P10.7 billion or 50.2 percent and amounted to P32.1 billion, owing to the releases to the Philippine Health Insurance Corporation (PHIC) for the payment of health insurance premiums of indigents under the National Household Targeting System for Poverty Reduction as identified by the DSWD, the Philippine Crop Insurance Corporation (PCIC) for the Crop Insurance Program, and the National Electrification Administration (NEA) for the National Rural Electrification Program. Payments to contractors for the Fisheries Infrastructure Development Program of the Philippine Fisheries Development Authority (PFDA) were also made in December 2022.
- Equity grew by P9.8 billion to reach P10.2 billion following the release of the P10.0 billion equity infusion to the *Bangko Sentral ng Pilipinas* (BSP) for its increased capitalization requirements pursuant to RA No. 7653 or “The New Central Bank Act”, as amended by RA No. 11211.
- Maintenance and other operating expenses rose to P125.8 billion, up by P6.0 billion or 5.0 percent year-on-year. This was largely due to the releases for the Protective Services for Individuals and Families in Difficult Circumstances and the *Pantawid Pamilyang Pilipino* Program (4Ps) of the DSWD.
- PS expanded to P170.3 billion, P5.9 billion or 3.6 percent more year-on-year. This resulted mainly from the i) payment for One-COVID 19 Allowance (OCA) and Health Emergency Allowance (HEA) for qualified healthcare workers (HCWs) and non-HCWs under the Department of Health (DOH); ii) higher Service Recognition Incentive (SRI) granted to all qualified government employees for FY 2022 which increased to P20,000.00 from P10,000.00 in 2021³; and the iii) impact of higher salaries of government employees with the implementation of the third tranche of the Salary Standardization Law (SSL) V. However, the growth of PS expenses was moderated by one-off releases in December 2021, particularly for the payment of the 2018 pension increase differential in the DND and the Department of the Interior and Local Government (DILG).

³ As authorized by Administrative Order No. 1 dated December 16, 2022.

Total NG disbursements as of end-December 2022 reached P5,159.6 billion, increasing by P484.0 billion or 10.4 percent year-on-year. For the full year spending outturn, among the drivers which led to the strong disbursement performance were the higher transfers to LGUs⁴ and infrastructure and other capital outlays, which grew by P210.6 billion (23.6 percent) and P120.2 billion (13.4 percent), respectively.

Table 3. NG Disbursements for the Period January to December, 2021 and 2022

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to December						
	2021 Actual	2022		Variance		Increase/(Decrease)	
		Program ^{1/}	Actual	Amt	%	Amt	%
CURRENT OPERATING EXP.	3,493.9	3,679.0	3,831.8	152.8	4.2	337.9	9.7
Personnel Services	1,288.6	1,335.4	1,380.6	45.2	3.4	92.0	7.1
MOOE	883.0	818.3	879.1	60.8	7.4	(3.9)	(0.4)
Subsidy	184.8	172.3	200.4	28.1	16.3	15.6	8.5
Allotment to LGUs	671.4	825.9	829.0	3.1	0.4	157.6	23.5
IP	429.4	512.6	502.9	(9.7)	(1.9)	73.4	17.1
TEF	36.7	14.5	39.8	25.3	174.4	3.1	8.4
CAPITAL OUTLAYS	1,163.9	1,246.9	1,300.6	53.7	4.3	136.8	11.8
Infra and Other CO	895.1	979.3	1,015.2	36.0	3.7	120.2	13.4
Equity	47.5	12.2	11.2	(1.1)	(8.8)	(36.4)	(76.5)
Capital Transfers to LGUs	221.3	255.4	274.2	18.8	7.4	53.0	23.9
NET LENDING	17.9	28.7	27.2	(1.5)	(5.2)	9.3	52.2
TOTAL	4,675.6	4,954.6	5,159.6	205.0	4.1	484.0	10.4
Memo Item							
Infra Disbursements ^{2/}	1,123.6	1,199.5	1,278.5	79.0	6.6	154.9	13.8

^{1/} FY 2022 Quarterly Fiscal Program approved by the DBCC during its 181st meeting held on May 24, 2022.

^{2/} Include estimated NG infrastructure disbursements, and infrastructure components of subsidy and equity to GOCCs and transfers to LGUs.

Combined allotment and capital transfers to LGUs were greater than the previous year's level mainly due to the higher NTA of LGUs. To recall, the Supreme Court, in its April 10, 2019 Resolution on the *Mandanas-Garcia* Case, declared the use of the phrase "internal revenue" in the Local Government Code of 1991 (R.A. No. 7160) as unconstitutional, and ordered the Department of Budget and Management (DBM), the Department of Finance (DOF), the Bureau of Internal Revenue (BIR), the Bureau of Customs (BOC), and the Bureau of the Treasury (BTr) to include all collections of national taxes in the computation of the base of the just share of the LGUs according to the ratio provided for in the law beginning FY 2022.⁵ The higher releases for the annual block grant to the BARMM also contributed to the growth recorded for the period.

Meanwhile, the sizable expansion in infrastructure and other capital outlays was on account of the higher spending of DPWH which they attributed to the following factors: i) fast-tracked implementation of carryover projects and payment of prior years' accounts payables; ii) adoption of streamlined policies for project implementation and processing of documents in order to ensure that bottlenecks are resolved and spending targets are achieved; and iii) increased level of authority of Regional and District Engineering Offices in the procurement and implementation of infrastructure

⁴ Composed of the P829.0 billion allotment to LGUs and P274.2 billion capital transfers to LGUs.

⁵ DBM (March 20, 2023). National Tax Allotment. <https://www.dbm.gov.ph/index.php/programs-projects/national-tax-allotment-nta>

projects. Furthermore, the direct payments made by development partners for the foreign-assisted rail transport projects of the DOTr (i.e., Malolos-Clark Railway Project, the Metro Manila Subway Project, and the North-South Commuter Railway Project), as well as the RAFPMP of the DND contributed to the higher infrastructure spending for the year.

The other expenditures which have exhibited substantial growth were, as follows:

- PS expenditures (P92.0 billion; 7.1 percent) due to the implementation of the third tranche of salary adjustment under the SSL V, higher pension and retirement claims of the DND and the DILG, the grant of OCA and HEA to qualified HCWs and non-HCWs, the filling-up of unfilled positions in various agencies, and payment of the SRI and other personnel benefits;
- Interest payments (P73.4 billion; 17.1 percent) due to coupon payment from FY 2021-2022 issuances for Fixed Rate Treasury/Benchmark Bonds and Retail Treasury Bonds, and coupon payment for global bonds, new loan availment from the International Bank for Reconstruction and Development (IBRD), foreign exchange fluctuations, and higher SOFR; and
- Net lending (P9.3 billion, 52.2 percent) mainly on account of the P25.1 billion NG advances to the National Food Authority (NFA) for the payment of its short-term debts, and absent the significant repayments of NG advances by availing GOCCs. In 2021, repayments made by the NEA, Local Water Utilities Administration (LWUA), National Home Mortgage Finance Corporation (NHMFC), and the Philippine Guarantee Corporation (PHILGUARANTEE) combined for a total of P5.0 billion. In contrast, repayments made in 2022 were just P2.0 million.

However, equity and MOOE declined by P36.4 billion (76.5 percent) and P3.9 billion (0.4 percent), respectively. The decline in equity was due to the completion of the one-time release of P45.0 billion capital infusions to Government Financial Institutions (GFIs) in February 2021 for their credit assistance and lending programs as part of the recovery measures under the *Bayanihan* II. Moreover, MOOE were lower sans the sizeable payments made in 2021 for the purchase of COVID-19 vaccines. This was, nonetheless, tempered by the expenditures to address the impact of inflation in 2022 such as the Targeted Cash Transfer (TCT) Program of the DSWD, and the Service Contracting Program (SCP) of the Department of Transportation (DOTr).

Actual vs Program Disbursements

When compared to the P4,954.6 billion program⁶, full year 2022 disbursements were higher by P205.0 billion or 4.1 percent, largely on account of the following:

- Maintenance spending was above the P818.3 billion program for the year by P60.8 billion or 7.4 percent. This was mainly attributed to the faster fund utilization and payments made for educational grants and subsidies, such as the Government Assistance and Subsidies (GAS) Program of the Department of Education (DepEd), and the programs of the CHED under the Universal Access to Quality Tertiary Education Act (UAQTEA), with the resumption of face-to-face classes in some schools/universities beginning late last year. Releases from the Unprogrammed Appropriations (UA), which were charged against excess revenues certified by the BTr, such as the TCT Program of the DSWD, the SCP of the DOTr, and compensation and other benefits (i.e., OCA and HEA) for qualified non-plantilla COVID-19 workers (e.g., job orders, private institutions, LGUs) in health facilities, have also contributed to the higher-than-programmed MOOE.

⁶ Based on the FY 2022 Fiscal Program approved during the 181st DBCC Meeting on May 24, 2022.

- PS expenditures exceeded the P1,335.4 billion program by P45.2 billion or 3.4 percent on account of the higher SRI for qualified government workers in 2022; payments of monetization of leave credits and terminal leave benefits, and other personnel benefits charged to the UA (e.g., Performance-Based Bonus (PBB); as well as creation and filling-up of positions in various agencies as the government gradually returned to onsite work, most economic activities resumed, and COVID-19 alert levels were lowered in 2022.
- Subsidy was higher than the P172.3 billion program by P28.1 billion or 16.3 percent attributed largely to faster fund absorption of prior years' subsidy, particularly for the National Irrigation Administration (NIA) for their Irrigation Systems Restoration Program and Irrigation Systems Development Program, and the National Housing Authority (NHA) for their Comprehensive and Integrated Housing Program. The releases to the National Power Corporation (NPC) for its Missionary Electrification Program, as well as to the Bases Conversion and Development Authority (BCDA) for the payment of its accounts payable for the Development of New Clark City and Military Replication Projects have, likewise, contributed to the higher-than-programmed subsidy releases.
- Tax expenditures were greater than the P14.5 billion program by P25.3 billion or 174.4 percent mainly due to the documentary stamp taxes on government securities issued by the BTr to help finance the deficit.
- Transfers to LGUs were over the P1,081.4 billion program by P21.9 billion or 2.0 percent due to the prior year's obligations from the Special Shares of LGUs in the Proceeds of National Taxes (SSLPNT), the LGSF-FA, and the BARMM Special Development Fund (SDF). Furthermore, the releases charged against the FY 2021 Continuing Appropriations, which were highly dependent on the certifications that will be issued by the revenue collecting agencies on the actual shares of beneficiary LGUs, as well as the compliance of the latter with other documentary requirements (e.g., special budget requests) to trigger the release contributed to the larger LGU transfers.
- Infrastructure and other capital outlays surpassed the P979.3 billion program by P36.0 billion or 3.7 percent due to the faster disbursements of the DPWH and the DOTr. The DPWH noted that bulk of these disbursements was for the implementation and payment of Regular Infrastructure Projects – National Roads and Bridges and Flood Control Projects, while the Cebu Bus Rapid Transit (BRT) Project and the due and demandable PY APs of the DOTr were cited as reasons for their higher-than-expected spending outturn.

On the whole, the total infrastructure disbursements, which also account for the infrastructure components of the subsidy/equity to GOCCs and transfers to LGUs, reached P1,278.5 billion, exceeding the P1,199.5 billion program for 2022 by P79.0 billion (6.6 percent). This was mainly attributed to the acceleration of NG-administered infrastructure projects as previously discussed, releases to LGUs for infrastructure-related activities, as well as faster fund utilization of GOCC subsidies, particularly for the NIA and NHA-implemented projects. The full year infrastructure spending was equivalent to 5.8 percent of GDP, better than the 5.5 percent target for 2022 and sustaining the 5.8 percent infrastructure spending-to-GDP outturn in 2021.

Meanwhile, interest payments were below the P512.6 billion program by P9.7 billion or 1.9 percent due to the settlement of premium from reissued series for Fixed Rate Treasury Bonds, and lower volume/rejection of Treasury Bills. This was moderated by the overperformance of Retail Treasury Bonds due to higher actual borrowings than programmed, and foreign interest payments due to higher foreign exchange fluctuations, London Interbank Offered Rate (LIBOR), and SOFR.

Full Year 2022 Deficit

The full year fiscal deficit for 2022 was registered at P1,614.1 billion, lower by P56.0 billion or 3.4 percent year-on-year and is equivalent to 7.3 percent of GDP. Although the spending target was exceeded by 4.1 percent (P205.0 billion) as earlier discussed, the faster 18.0 percent increase in revenue collections allowed the government to accelerate disbursements and still accommodate it within the 7.6 percent of GDP full year deficit program in 2022⁷.

The faster NG spending helped the country's economy expand by 7.6 percent for the full year of 2022⁸, slightly better than the market consensus of 7.5 percent⁹ and above the government's revised target of 6.5 to 7.5 percent.¹⁰ Growth was recorded across all sectors, as follows:

Table 4. FY 2022 Real GDP, Year-on-Year Growth Rates by Major Expenditure Items

Major Expenditure Item	Full Year Growth in 2022 ¹¹
Household final consumption expenditure	8.3 percent
Government final consumption expenditure	5.0 percent
Gross capital formation	16.8 percent
Exports	10.7 percent
Imports	13.1 percent
Real GDP	7.6 percent

Government final consumption expenditure (GFCE) grew by 5.0 percent in 2022 on the back of higher PS expenses, and transfers to LGUs following the implementation of *Mandanas* Ruling which resulted in their increased resources through the NTA. The growth of GFCE is slightly lower when compared to the 7.1 percent growth posted in 2021 and 10.5 percent in 2020 as the government gradually wound down COVID-19-related fiscal support, such as purchase of COVID-19 vaccines (where bulk of acquisition happened in 2021), social subsidies, and emergency livelihood assistance, with the efforts to fully reopen the economy gaining steam.

Nevertheless, the general government capital formation in construction grew by 11.9 percent year-on-year¹², buoyed by the robust NG infrastructure spending as implementation of various capital outlay projects of NG agencies and GOCCs quickened amid lower alert level classifications for most parts of the country, manageable COVID-19 cases, and resumption of economic activities, particularly in the construction industry and services sector. The gross value added in construction grew by 12.7 percent in 2022, making it one of the top contributors to the full-year real GDP growth.¹³ This led to the 16.8 percent overall growth of capital formation in 2022.

Outlook for FY 2023

On December 16, 2022, the President signed into law the P5.268 trillion FY 2023 National Budget, This is 4.9 percent higher than the P5.024 trillion FY 2022 National Budget, and equivalent to 21.9 percent of GDP.¹⁴ The FY 2023 National Budget is the starting point of the 8-Point Socioeconomic Agenda in

⁷ Consistent with the medium-term macroeconomic and growth assumptions, and fiscal program approved by the DBCC during its 181st meeting on May 24, 2022.

⁸ Philippine Statistics Authority. National Income Accounts for FY 2022. January 26, 2023.

⁹ BusinessWorld (January 23, 2023). "GDP growth may have slowed in Q4 – poll". Available at: <https://www.bworldonline.com/top-stories/2023/01/23/500094/gdp-growth-may-have-slowed-in-q4-poll/>

¹⁰ Consistent with the medium-term macroeconomic and growth assumptions, and fiscal program approved by the DBCC during its 182nd meeting on July 8, 2022.

¹¹ Philippine Statistics Authority. National Income Accounts for FY 2022. January 26, 2023.

¹² Ibid.

¹³ Ibid.

¹⁴ Computed using nominal GDP of P24,107.5 billion, consistent with the assumptions and targets approved by the DBCC during its 183rd meeting on December 5, 2022.

the near term, which aims to strengthen the purchasing power of Filipinos, mitigate the socioeconomic scarring from the COVID-19 pandemic, ensure sound macroeconomic fundamentals, and support local governments¹⁵:

Table 5. Indicative Budgetary Allocations for each of the 8-Point Socioeconomic Agenda under the FY 2023 GAA

Purpose	Amount	Remarks
Improved Transportation	P976.5 billion	For the “Build, Better, More” Program, with the DPWH and the DOTr receiving P894.2 billion and P82.3 billion, respectively.
Education	P778.6 billion	To ensure the safe reopening of schools, with the DepEd, CHED, and the Technical Education and Skills Development Authority (TESDA) receiving P720.4 billion, 31.7 billion, and 16.2 billion, respectively.
Health Care	P342.4 billion	To advance medical facilities and human capital, with the DOH and PHIC receiving P314.6 billion for the provision of access to healthcare services as well as the provision for the National Health Insurance Program.
Social Services	P239.1 billion	To strengthen social protection, with the DSWD receiving P196.7 billion to implement its various social programs including the 4Ps, Social Pension for Indigent Senior Citizens, and Protective Services for Individuals and Families in Difficult Circumstances.
Food Security	P174.0 billion	For the agriculture sector, with the highest share given to DA which shall receive P156.6 billion to support its banner programs, such as the National Rice, Corn, Livestock, and Fisheries Programs.
Sound Fiscal Management	P21.6 billion	To support the improvement of the country’s revenue collection, with the BIR and BOC receiving P13.1 billion and P5.2 billion, respectively. The DBM shall also receive P1.7 billion to champion the prudent and accountable use of public funds.
Bureaucratic Efficiency	P15.6 billion	To facilitate the digitalization of government processes and operations.
Affordable and Clean Energy	P10.2 billion	To be invested in renewable energy and alternative fuels, supporting the Department of Energy’s (DOE) various programs, such as the Renewable Energy Development Program, Energy Efficiency and Conservation Program, and the Alternative Fuels and Technologies Program.

Source: DBM Press Release dated December 28, 2022¹⁶

To provide guidelines on the release of funds for FY 2023 in consideration of the enacted FY 2023 GAA under R.A. No. 11936, the DBM issued National Budget Circular (NBC) No. 590¹⁷. A total of P2,564.8 billion, equivalent to 81.2 percent of the P3,157.6 billion agency specific budget under the FY 2023 GAA (or 48.7 percent of the total P5,268.0 billion budget), was comprehensively released on the first working day of the year under the GAA as the Allotment Order (GAAA) policy, which covers implementation-ready items.¹⁸

The remaining P2,703.2 billion (51.3 percent) of the P5,268.0 billion FY 2023 budget shall be released through Special Allotment Release Order (SARO) or General Allotment Release Order (GARO)¹⁹, some of which require the submission of special budget requests by the concerned agencies supported with revised/updated physical targets, as well as other documentary requirements to DBM pursuant to the

¹⁵ DBM (December 28, 2022). Available at: <https://www.dbm.gov.ph/index.php/secretary-s-corner/press-releases/list-of-press-releases/2543-gaa-2023-starting-point-for-marcos-jr-administration-s-8-point-socioeconomic-agenda>

¹⁶ *Ibid.*

¹⁷ DBM (January 3, 2023). Available at: <https://www.dbm.gov.ph/wp-content/uploads/Issuances/2023/National-Budget-Circular/1-NATIONAL-BUDGET-CIRCULAR-NO-590-JANUARY-3-2023.pdf>

¹⁸ For specific listing, see Schedule I of NBC No. 590 dated January 3, 2023.

¹⁹ Appropriation Items identified under item 2.0 of Schedule II of NBC No. 590 dated January 3, 2023.

applicable general and special provisions of the GAA and other laws, and existing budgeting rules and regulations.

In terms of disbursements, which pertain to the payments for actual goods delivered and services rendered both from the current year's budget and prior years' obligations as may be applicable, the NG is targeting to spend a total of P5,177.4 billion this year, equivalent to 21.5 percent of GDP.²⁰ The relatively lower trajectory of disbursements when compared to the 23.4 percent of GDP outturn in 2022 is consistent with the government's Medium-Term Fiscal Framework, to bring the deficit down to 6.1 percent of GDP this year and gradually reach 3.0 percent by 2028. This will, likewise, help ensure debt sustainability as the government seeks to reduce the country's debt-to-GDP ratio to less than 60 percent also by 2028. This fiscal consolidation strategy will be underpinned by the continuing withdrawal of COVID-19 fiscal support amid full resumption of economic activities, tighter prioritization of expenditures, improvement in public spending efficiency through digitalization and rightsizing, increased revenue mobilization, and faster economic growth.

Meanwhile, total infrastructure disbursements for this year are planned to be at least 5.0 percent of GDP, consistent with the medium-term target of between 5.0 to 6.0 percent of GDP and sustaining the heavy public infrastructure investments in the recent years.

The FY 2023 National Budget will serve as the government's comprehensive financial roadmap towards strong economic growth and the creation of more quality and green jobs over the medium-term, anchored on sound public fiscal management and guided by fiscal responsibility and accountability.

²⁰ Consistent with the medium-term macroeconomic and growth assumptions, and fiscal program approved by the DBCC during its 183rd meeting on December 5, 2022.