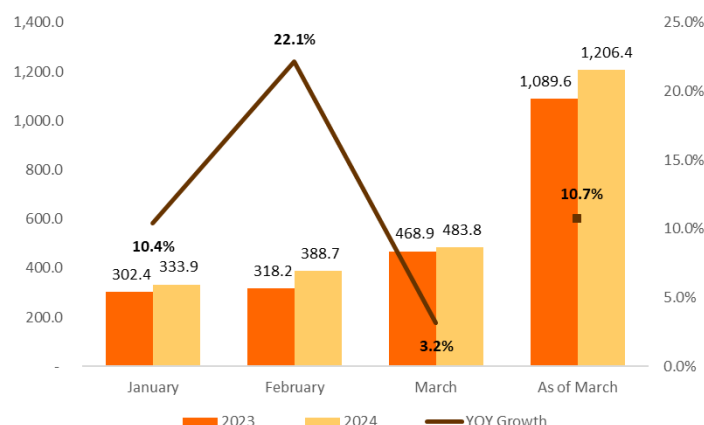


NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF MARCH 2024

National Government (NG) spending for the month of March 2024 reached P483.8 billion, higher by P14.9 billion or 3.2 percent year-on-year. The increase was mostly on account of higher infrastructure and other capital outlays, interest payments, and personnel services (PS) expenditures, albeit tempered by lower maintenance and other operating expenses (MOOE), capital transfers to LGUs, as well as subsidy. Disbursements for the first quarter of 2024 expanded to P1,206.4 billion, up by P116.8 billion or 10.7 percent from the same period last year.

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



By type of disbursements, Notice of Cash Allocation (NCA) or cash disbursements in March 2024 declined to P387.2 billion, down by P7.7 billion or 2.0 percent year-on-year. This was attributed to lower maintenance spending and subsidy support to government corporations. On the other hand, Non-NCA disbursements grew by P22.6 billion or 30.6 percent to reach P96.7 billion, owing mainly to higher interest payments, withholding taxes from government transactions recorded via the Tax Remittance Advice (TRA)¹, and Constructive Receipt of Cash (CRC) payments². Year-to-date, NCA disbursements were posted at P900.6 billion, up by P45.8 billion or 5.4 percent year-on-year, while Non-NCA disbursements ended up at P305.8 billion, P71.0 billion or 30.3 percent more than the level recorded for the comparable period a year ago.

Table 1. Comparison of NCA and Non-NCA Disbursements, 2023-2024

(Amount in billion pesos, unless otherwise indicated)

Particulars	As of February				March				As of March			
	2023	2024	Inc/(Dec)		2023	2024	Inc/(Dec)		2023	2024	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	459.9	513.4	53.5	11.6	394.9	387.2	(7.7)	(2.0)	854.8	900.6	45.8	5.4
<i>% of Eff. NCA</i>	<i>86.8%</i>	<i>83.5%</i>			<i>117.4%</i>	<i>110.2%</i>			<i>98.7%</i>	<i>93.2%</i>		
Non-NCA	160.8	209.2	48.4	30.1	74.0	96.7	22.6	30.6	234.8	305.8	71.0	30.3
TOTAL	620.7	722.5	101.9	16.4	468.9	483.8	14.9	3.2	1,089.6	1,206.4	116.8	10.7
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
As of February					March				As of March			
2023		529.9		2023		336.4		2023		866.3		
2024		614.8		2024		351.4		2024		966.2		
Allotment Releases ^{a/}												
As of March 2023		4,313.6 ^{b/}		81.9% of the P5,268.0 billion obligation program								
As of March 2024		4,798.8 ^{b/}		83.2% of the P5,767.6 billion obligation program								

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

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

^{b/} 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 Direct payments made to suppliers by development partners for the implementation of Foreign-Assisted Projects.

Allotment Releases

As of end-March 2024, allotment releases totaled P4,798.8 billion, equivalent to 83.2 percent of the P5,767.6 billion obligation program for the year. For the month of March 2023 alone, some P101.4 billion worth of allotments were released, composed largely of the following big-ticket items:

DEPARTMENT/GOCC	PURPOSE	AMOUNT (In billion pesos)
Department of National Defense (DND)	Implementation of project/s under the Revised Armed Forces of the Philippines Modernization Program (RAFPMP)	P24.4 billion
	2nd Quarter Pension	P14.0 billion
Bureau of the Treasury (BTr)	Implementation of the Coconut Farmers and Industry Development Plan	P15.0 billion
Philippine National Police (PNP)	2 nd Quarter Pension	P10.6 billion
Department of Agriculture (DA)	FY 2024 operating requirements for the implementation of the Philippine Rural Development Project (PRDP)	P7.0 billion
Department of Education (DepEd)	Various capital outlays, mostly for the Last Mile Schools Program, Electrification of Un-energized Schools and Modernization of Electrical Systems of On-Grid Schools, and Conservation and Restoration of Gabaldon School Buildings and Other Heritage School Buildings	P6.0 billion
Department of Public Works and Highways (DPWH)	Construction of elementary and secondary classrooms under the FY 2024 Basic Education Facilities Fund	P5.8 billion
Philippine Crop Insurance Corporation (PCIC)	FY 2024 subsidy	P4.5 billion
National Electrification Administration (NEA)	FY 2024 subsidy	P1.6 billion

Year-on-Year Performance, by Expense Class

For the Month of March 2024

- Infrastructure and other capital outlays rose to P96.3 billion, P12.6 billion or 15.1 percent higher when compared to the outturn in March 2023. The sharp increase was largely due to the strong spending performance of the DPWH for payment of progress billings (i.e., completed/partially-completed works) for various road infrastructure programs (e.g., road and bridge networks, flood control/mitigation structures, right-of-way acquisition), alongside payment of mobilization fees/advances to contractors for infrastructure projects under the FY 2024 budget.

Similarly, capital outlay projects of the DND under its Revised AFP Modernization Program (RAFPMP), as well as the direct payments for the foreign-assisted railway projects of the DOTr, such as the Capacity Enhancement of Mass Transit Systems in Metro Manila and the Malolos-Clark Railway Project, contributed to the substantial infrastructure spending in March.

- Interest payments jumped to P70.9 billion, up by P10.0 billion or 16.5 percent year-on-year due to 1) coupon payments for additional issuances of fixed rate treasury bonds/benchmark bonds; 2) coupon payments for the issuance of retail treasury bonds in FY 2022; and 3) payment for Asian Development Bank (ADB) loan. The outturn, likewise, reflects the impact of foreign exchange and foreign interest rate fluctuations.

Table 2. NG Disbursements for the Month of March, 2023 and 2024

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	March			
	2023 ^{a/}	2024	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	360.2	370.8	10.6	2.9
Personnel Services	116.7	125.7	9.0	7.7
MOOE	110.0	99.4	(10.6)	(9.6)
Subsidy	10.8	6.9	(3.9)	(36.3)
Allotment to LGUs	59.0	63.1	4.1	6.9
IP	60.9	70.9	10.0	16.5
TEF	2.8	4.8	2.0	72.4
CAPITAL OUTLAYS	108.1	113.5	5.4	5.0
Infra and Other CO	83.7	96.3	12.6	15.1
Equity	0.1	0.2	0.1	111.3
Capital Transfers to LGUs	24.3	17.0	(7.3)	(30.1)
NET LENDING	0.6	(0.5)	(1.1)	(171.8)
TOTAL	468.9	483.8	14.9	3.2

^{a/} Adjusted based on the full-year 2023 BTr Cash Operations Report (COR).

- PS expenditures expanded to P125.7 billion, larger by P9.0 billion or 7.7 percent year-on-year. This was mainly on account of the payments for the pension requirements, retirement gratuity, and terminal leave benefits of the military and uniformed personnel of the DND and the PNP.
- Allotment to LGUs increased by P4.1 billion or 6.9 percent to reach P63.1 billion. This was due to the higher National Tax Allotment (NTA) shares of LGUs for FY 2024 with the recovery of tax revenues in 2021 – the base year for which the actual FY 2024 NTA shares are determined³.

Meanwhile, maintenance spending, capital transfers to LGUs, and subsidy recorded negative growth which was attributed primarily to the timing of releases/disbursements for the said expense items:

- Although higher disbursements were posted in the Department of Health (DOH), Department of Social Welfare and Development (DSWD), and the Department of Labor and Employment (DOLE) owing to their respective banner social programs (e.g., Public Health Emergency Benefits and Allowances, *Pantawid Pamilyang Pilipino* Program, Special Training for Employment Program), the overall MOOE contracted by P10.6 billion or 9.6 percent as the transfer of the P15.0 billion requirement of the Coconut Farmers and Industry Trust Fund slid to the second quarter of this year⁴. In contrast, last year’s transfer was made in March.
- Capital transfers to LGUs were down by P7.3 billion or 30.1 percent year-on-year in the absence of the P9.5 billion Special Shares of LGUs in the Proceeds of National Taxes (SSLPNT) - Tobacco Excise Tax for FY 2020 which were released in March last year. It can be recalled that some P21.0 billion was already released for the corresponding share of LGUs in the FY 2021 and prior year’s collections of tobacco excise taxes in February 2024 pursuant to Local Budget Memorandum No. 89 dated November 10, 2023.

³ 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.

⁴ Pursuant to RA No. 11524 or the Coconut Farmers and Industry Trust Fund Act.

- Subsidy decreased by P3.9 billion or 36.3 percent sans the subsidy to the Power Sector Assets and Liabilities Management (PSALM) Corporation for the implementation of the *Murang Kuryente Act*. Some P5.0 billion subsidy was released to PSALM in March last year, while this year's subsidy is expected to be credited in April.

For the Period January to March 2024

NG disbursements for the first three months of 2024 were recorded at P1,206.4 billion, growing by P116.8 billion or 10.7 percent year-on-year. Spending for the quarter was mainly bolstered by higher interest payments, transfers to LGUs, infrastructure and other capital outlays, and PS expenditures:

- Interest payments soared to P193.0 billion, P51.0 billion or 35.9 percent higher resulting from the coupon payments for domestic securities, the downward adjustment to last year's interest payments due to premia on re-issued bonds, and larger foreign interest payments.
- Combined allotment and capital transfers to LGUs grew to P259.9 billion, up by P29.1 billion or 12.6 percent owing to the higher NTA shares of LGUs. The NTA for this year is larger on account of the recovery of tax revenues in 2021 which is the base year for which the just share of LGUs from national tax collections is determined.
- Infrastructure and other capital outlays amounted to P216.8 billion, P20.1 billion or 10.2 percent more year-on-year. On the other hand, the overall infrastructure disbursements, which include the infrastructure components of subsidy/equity to government corporations and transfers to LGUs, reached P266.3 billion, P22.5 billion or 9.3 percent higher year-on-year.

The sturdy growth of the total infrastructure spending resulted mainly from the implementation of road infrastructure projects of the DPWH and defense modernization projects of the DND, alongside the higher local development fund of LGUs – equivalent to 20.0 percent of their NTA shares. This helped sustain the robust expansion of public construction in the first quarter 2024 economic performance, where general government-led construction grew by 12.4 percent, contributing 2.9 percentage points (pp) to the 6.8 percent growth of the construction sector, and nearly 0.4 pp to the overall 5.7 percent real GDP growth.

- PS expenditures reached P312.5 billion, increasing by P13.8 billion or 4.6 percent year-on-year mostly due to the personnel benefits requirement of newly hired teaching personnel of the DepEd and filled-up positions in other agencies, and the pension and retirement benefits of personnel in the DND and PNP.

On the other hand, MOOE marginally grew to P198.4 billion, higher by P3.5 billion or 1.8 percent from the outturn for the comparable period last year. The significant disbursements made for the social protection programs of the DSWD, such as the 4Ps, Social Pension for Indigent Senior Citizens, and Protective Services for Individuals and Families in Difficult Circumstances propelled maintenance

Table 3. NG Disbursements for the Period January to March, 2023 and 2024
(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to March			
	2023 ^{a/}	2024	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	838.3	918.6	80.3	9.6
Personnel Services	298.8	312.5	13.8	4.6
MOOE	194.9	198.4	3.5	1.8
Subsidy	21.3	19.6	(1.7)	(8.1)
Allotment to LGUs	177.0	188.7	11.7	6.6
IP	142.0	193.0	51.0	35.9
TEF	4.3	6.4	2.1	48.9
CAPITAL OUTLAYS	250.6	288.2	37.6	15.0
Infra and Other CO	196.7	216.8	20.1	10.2
Equity	0.1	0.2	0.1	99.1
Capital Transfers to LGUs	53.8	71.2	17.4	32.2
NET LENDING	0.6	(0.5)	(1.1)	(170.5)
TOTAL	1,089.6	1,206.4	116.8	10.7
Memo item:				
Infrastructure Disbursements ^{b/}	243.7	266.3	22.5	9.3

a/ Adjusted based on the full-year 2023 BTr Cash Operations Report (COR).

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

spending but were tempered by the timing of transfer of the P15.0 billion FY 2024 Coco Levy Fund requirement as it slipped to the second quarter of this year.

Outlook for the Rest of the Year

As of end-March 2024, the program balance from the P5,767.6 billion obligation program amounts to P968.8 billion⁵ or roughly 17.0 percent of the total program. Based on preliminary report of allotment releases as of April 30, 2024⁶, some P88.7 billion worth of allotments have been issued in April which could further drive spending performance for the second quarter this year. Among the significant releases were, as follows:

DEPARTMENT	PURPOSE	AMOUNT (In billion pesos)
DSWD	to cover the funding requirements for the implementation of <i>Ayuda sa Kapos Ang Kita</i> Program	P26.7 billion
Commission on Higher Education (CHED)	Universal Access to Quality Tertiary Education and <i>Tulong Dunong</i> Program	P13.3 billion
DND	RAFPMP	P8.6 billion
BTr	FY 2024 Net Lending	P7.2 billion
Philippine Veterans Affairs Office	2 nd Quarter Pension	P2.5 billion
DA	to cover funding requirements for the implementation of the Philippine Fisheries and Coastal Resiliency Project	P1.5 billion

Disbursements are foreseen to gradually increase in the current quarter as the DPWH and other agencies with capital outlay projects capitalize on the summer season for their construction projects/activities. Moreover, substantial MOOE requirements are programmed this quarter for the implementation of banner social, employment, health, education, and agriculture programs of the DSWD, DOLE, DOH, DepEd, SUCs, CHED, and DA, respectively. Large PS expenditures are also expected in May with the release of the mid-year bonus of government employees. These would hopefully help stir more economic activity and prop up growth, particularly in public construction, the services and industry sectors, as well as household final consumption.

⁵ Net of the releases for FY 2023 Continuing Appropriations, Unprogrammed Appropriations, and other Automatic Appropriations accommodated within the total obligation program.

⁶ Based on SARO Listing for the period April 1 to 30, 2024. Generated from the DBM eBudget System.