

NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF JUNE 2024

National Government (NG) disbursements in June 2024 inched up by P12.9 billion or 2.6 percent year-on-year to reach P505.6 billion. The moderate uptick was largely due to higher infrastructure and other capital outlays but was tempered by lower subsidy and net lending assistance to government-owned-and-controlled corporations (GOCCs). Net of the latter items, June spending expanded by P35.1 billion or 7.6 percent.

Meanwhile, disbursements for the first six months of the year amounted to P2,763.5 billion, increasing by P351.6 billion or 14.6 percent from the previous year's level. Spending for the period slightly exceeded the P2,738.8 program for the first semester by P24.6 billion or 0.9 percent. This resulted mainly from faster infrastructure spending, higher interest payments, and tax expenditures; but was partly offset by the lower-than-programmed subsidy support to government corporations, sans the big-ticket releases to the Philippine Health Insurance Corporation (PHIC).

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

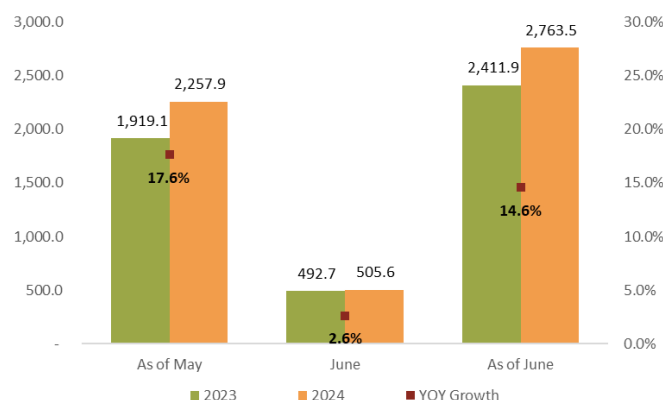


Table 1. Comparison of NCA and Non-NCA Disbursements, 2023-2024

(Amount in billion pesos, unless otherwise indicated)

Particulars	As of May				June				As of June			
	2023	2024	Inc/(Dec)		2023	2024	Inc/(Dec)		2023	2024	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA	1,557.1	1,780.1	223.0	14.3	407.6	424.3	16.8	4.1	1,964.7	2,204.5	239.8	12.2
% of Eff. NCA	92.3%	93.8%			105.7%	116.1%			94.8%	97.4%		
Non-NCA	362.0	477.7	115.7	32.0	85.1	81.3	(3.9)	(4.6)	447.2	559.0	111.8	25.0
TOTAL	1,919.1	2,257.9	338.7	17.6	492.7	505.6	12.9	2.6	2,411.9	2,763.5	351.6	14.6
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
As of May					June				As of June			
		2023	1,687.4		2023	385.6			2023	2,073.1		
		2024	1,897.5		2024	365.5			2024	2,263.0		
Allotment Releases ^{a/}												
As of June 2023		4,734.7 ^{b/}	89.9% of the P5,268.0 billion obligation program									
As of June 2024		5,295.3 ^{b/}	91.8% 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.

By type of disbursements, Notice of Cash Allocation (NCA) or cash disbursements in June 2024 grew to P424.3 billion, up by P16.8 billion, or 4.1 percent, from the same month last year. The increase was due to higher capital outlays, personnel services (PS) expenditures, maintenance and other operating expenses (MOOE), as well as transfers to LGUs. On the other hand, Non-NCA disbursements fell to P81.3 billion, down by P3.9 billion, or 4.6 percent, due to lower net lending and constructive receipts of cash (CRC) payments.¹ Year-to-date, NCA disbursements amounted to P2,204.5 billion, up by P239.8 billion

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

or 12.2 percent year-on-year; while Non-NCA disbursements amounted to P559.0 billion, P111.8 billion or 25.0 percent more than the level recorded a year ago.

Allotment Releases

As of end-June 2024, allotment releases reached P5,295.3 billion, equivalent to 91.8 percent of the P5,767.6 billion obligation program for the year. For the month of June 2024 alone, allotment releases amounted to P119.7 billion, consisted mostly of the following:

DEPARTMENT/GOCC	PURPOSE	AMOUNT
Department of Transportation (DOTr)	Various capital outlays, mostly to cover the loan proceeds of foreign-assisted projects (FAPs), namely North-South Commuter Railway System, the LRT Line 1 Cavite Extension Project, and the Metro Manila Subway Project Phase I	P39.5 billion
Philippine National Police (PNP)	3 rd -4 th Quarter Pension	P21.1billion
	FY 2022 Performance-Based Bonus (PBB)	P3.8 billion
Department of National Defense (DND)	3 rd -4 th Quarter Pension	P14.0 billion
	Funding requirements for projects under the Revised AFP Modernization Program (RAFPMP)	P1.9 billion
Department of Public Works and Highways (DPWH)	Various capital outlays, mostly to cover the government counterpart funds of FAPs and the payment of right-of-way claims	P14.5 billion
National Police Commission	3 rd -4 th Quarter Pension	P1.7 billion
Philippine Statistics Authority	Funding requirements for the implementation of the 2024 Census of Population and Community-Based Monitoring System	P1.4 billion

Year-on-Year Performance, by Expense Class

For the Month of June 2024

NG disbursements for the month of June 2024 rose to P505.6 billion, driven by the growth in the following expenditure items:

- Infrastructure and other capital outlays jumping to P139.7 billion, up by 20.3 billion or 17.0 percent year-on-year on account of the following:
 - i. Disbursements made by the DPWH for completed road, bridge and multi-purpose building projects, prior years right-of-way claims, and progress billings for other road infrastructure projects funded under the Unprogrammed Appropriations;
 - ii. Capital outlay projects under the RAFPMP of the DND;

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

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	June			
	2023 ^{a/}	2024	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	344.4	346.6	2.2	0.6
Personnel Services	119.6	124.6	5.0	4.2
MOOE	83.0	85.4	2.4	3.0
Subsidy	26.1	10.2	(15.9)	(61.0)
Allotment to LGUs	59.1	64.7	5.6	9.5
IP	52.9	55.6	2.8	5.2
TEF	3.8	6.1	2.3	59.6
CAPITAL OUTLAYS	141.9	158.9	17.1	12.0
Infra and Other CO	119.4	139.7	20.3	17.0
Equity	0.0	0.0	0.0	66.7
Capital Transfers to LGUs	22.4	19.2	(3.2)	(14.2)
NET LENDING	6.4	0.1	(6.4)	(98.7)
TOTAL	492.7	505.6	12.9	2.6

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

- iii. Locally-funded projects under the PAYapa at MAsaganang PamayaNAn (PAMANA) Program of the Office of the Presidential Adviser on the Peace, Reconciliation and Unity, such as road networks, flood control and water supply systems among others; and
 - iv. Construction, repair, and rehabilitation of justice halls nationwide under the Justice System Infrastructure Program of the Department of Justice.
- Allotment to LGUs expanded to P64.7 billion, P5.6 billion or 9.5 percent more year-on-year owing to the higher National Tax Allotment (NTA) shares of LGUs this year; as well as the releases for the Annual Block Grant of the BARMM, the Local Government Support Fund (LGSF) – Financial Assistance to LGUs; and LGSF - Support and Assistance Fund to Participatory Budgeting.
 - PS expenditures went up to P124.6 billion, higher by P5.0 billion or 4.2 percent year-on-year largely due to the grant of the 2022 PBB of qualified employees in the PNP, filling-up of unfilled positions, and payments for retirement and terminal leave benefit claims in various agencies.
 - Interest payments climbed to P55.6 billion, up by P2.8 billion or 5.2 percent year-on-year which was attributed to the impact of foreign exchange fluctuations and higher interest rates on foreign borrowings.
 - MOOE increased to P85.4 billion, P2.4 billion or 3.0 percent more year-on-year. This was credited to the preparatory activities of the Commission on Elections (COMELEC) for the conduct of the National and Local Elections (NLE) next year. However, the lower disbursements recorded in some education sector agencies (e.g., Department of Education (DepEd) and DOST-Science Education Institute), which were attributed to the programming of large payables for the third quarter, moderated the growth of MOOE.
 - Tax expenditures totaled P6.1 billion, up by P2.3 billion, or 59.6 percent year-on-year, due to higher documentary stamp taxes on government securities and customs duties for the DND's importation requirements for its various projects under the RAFPMP.

On the other hand, subsidy, net lending, and capital transfers to LGUs declined due to the following reasons:

- Subsidy support to government corporations amounted to P10.2 billion, of which P7.5 billion was released to the National Irrigation Administration for its irrigation program. Subsidies in June this year went down by P15.9 billion or 61.0 percent mainly due to the timing of releases to the PHIC considering their current financial position and substantial cash holdings. Similarly, releases for the Bases Conversion and Development Authority are expected beginning July. This compares to the P2.9 billion subsidy provided in June 2023.
- Net lending assistance to GOCCs reached P85.0 million, down by P6.4 billion sans the P6.3 billion NG advances to the National Food Authority for the servicing of its maturing debt obligations.
- Capital transfers to LGUs decreased to P19.2 billion, P3.2 billion or 14.2 percent less year-on-year due to the lower releases for the LGSF – Support to the Barangay Development Program.

NG disbursements for the first half of 2024 totaled P2,763.5 billion, significantly higher by P351.6 billion or 14.6 percent year-on-year. The major drivers of spending growth for the period are infrastructure and other capital outlays (up by P104.6 billion or 20.6% y-o-y), interest payments (up by P94.8 billion or 33.6% y-o-y), and MOOE (up by P84.3 billion or 21.3% y-o-y). Specifically, the increases were attributed to the following factors:

- i. infrastructure spending due to the implementation of various road infrastructure programs and completion of some ongoing projects of the DPWH nationwide, as well the capital outlay projects under the RAFPMP of the DND;
- ii. interest payments due to coupon payment for bonds issued in FY 2023 and additional issuances, and higher Treasury Bill and foreign exchange rates; and
- iii. maintenance spending due to the wider coverage of the social protection programs of the Department of Social Welfare and Development, Medical Assistance for Indigent Patients Program and the payments for health emergency allowance claims of healthcare workers of the Department of Health, and the expenses of the COMELEC for their preparatory activities for the 2025 NLE.

Notably, the overall infrastructure disbursements as of end-June 2024, which also account for the infrastructure components of transfers to LGUs as well as subsidy and equity to GOCCs, reached P720.5 billion, up by P111.9 billion or 18.4 percent from the comparable period. This was equivalent to 5.7 percent of GDP vis-a-vis the 5.6 percent full-year target for this year and 5.3 percent outturn for the first semester of last year.

Table 3. NG Disbursements for the Period January to June, 2023 and 2024

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to June						
	2023	2024		Variance		Increase/(Decrease)	
	Actual ^{a/}	Program ^{b/}	Actual	Amt	%	Amt	%
CURRENT OPERATING EXP.	1,785.8	2,058.8	2,026.4	(32.4)	(1.6)	240.5	13.5
Personnel Services	676.6	710.7	701.9	(8.8)	(1.2)	25.3	3.7
MOOE	394.9	483.2	479.2	(4.0)	(0.8)	84.3	21.3
Subsidy	63.7	107.6	67.2	(40.4)	(37.6)	3.5	5.5
Allotment to LGUs	354.9	383.0	380.4	(2.6)	(0.7)	25.4	7.2
IP	282.5	368.5	377.2	8.7	2.4	94.8	33.6
TEF	13.1	5.7	20.4	14.7	257.3	7.3	55.6
CAPITAL OUTLAYS	613.8	677.7	735.9	58.1	8.6	122.0	19.9
Infra and Other CO	507.2	545.3	611.8	66.5	12.2	104.6	20.6
Equity	0.2	0.7	0.3	(0.4)	(62.8)	0.1	41.3
Capital Transfers to LGUs	106.4	131.8	123.8	(8.0)	(6.0)	17.4	16.3
NET LENDING	12.2	2.3	1.2	(1.1)	(46.7)	(11.0)	(89.9)
TOTAL	2,411.9	2,738.8	2,763.5	24.6	0.9	351.6	14.6
Memo Item							
Infra Disbursements ^{c/}	608.6	671.3	720.5	49.2	7.3	111.9	18.4

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

^{b/} FY 2024 Quarterly Fiscal Program approved by the DBCC via Ad Referendum on May 23, 2024.

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

Actual vs Program Disbursements

Meanwhile, when assessed against the P2,738.8 billion program for the first half of 2024, NG disbursements surpassed the program by P24.6 billion, or 0.9 percent mostly on account of the strong infrastructure spending for the period. More specifically, infrastructure and other capital outlays outpaced the program by P66.5 billion, or 12.2 percent as a result of the efforts of the DPWH to speed up the completion of its ongoing projects and expedite the processing of payment claims both from prior year's obligations and the current year's budget, as well as the direct payments made by development partners for the foreign-assisted road and rail transport projects of the DPWH and DOTr, respectively.

Interest payments and tax expenditures also exceeded the program for the period by P8.7 billion (2.4%) and P14.7 billion (257.3%), respectively. This was attributed mainly to higher bond issuances and prevailing interest and foreign exchange rates with respect to interest payments, as well as the larger documentary stamp taxes on debt issuances made by the Bureau of the Treasury in the case of tax expenditures.

However, subsidies were below the program by P40.4 billion or 37.6 percent mainly on account of the timing of releases to the PHIC as mentioned earlier. Furthermore, the release of subsidies is subject to the submission of special budget requests and complete documentary requirements by the government corporations concerned. Likewise, PS disbursements were lower than the program by P8.8 billion (1.2%) due to program balances in the Miscellaneous Personnel Benefits Fund and Pension and Gratuity Fund.

On the other hand, capital transfers to LGUs slid below the program pending the releases for the Special Development Fund (SDF) of the BARMM and Special Shares of LGUs in the proceeds of National Taxes. The release of said funds is subject to the submission of *Bangsamoro* Development Plan from the *Bangsamoro* Government for the SDF pursuant to Special Provision No. 2 of Republic Act No. 11975 or the FY 2024 General Appropriations Act, and the certification of actual collections by the concerned collecting agencies in the case of Special Shares of LGUs.

Impact of Government Spending on Economic Performance

The Philippine economy grew by 6.3 percent in real terms during the second quarter of this year, up from 5.8 percent GDP growth in the first quarter this year and 4.3 percent in the second quarter of 2023. Government spending on goods and services as well as capital expenditures, helped buoy economic performance amid relatively weaker household consumption spending and moderately high inflation and interest rate environment.

Government Financial Consumption Expenditure (GFCE) for the second quarter of 2024 increased by 10.7 percent year-on-year, a recovery from the 7.1 percent contraction in the same quarter last year. This contributed 1.7 percentage points (pp) to the 6.3 percent GDP growth for the period. Similarly, Public Construction grew by 21.8 percent year-on-year, a significant rebound from the 0.8 percent recorded for the same period in 2023 and accounting for 2.0 pp of the GDP print for the second quarter.

This brought the first semester 2024 GFCE performance to 6.6 percent growth (vs -1.4% in S1 2023) and public construction to 19.5 percent expansion (vs 1.5% in S1 2023). Both contributed by 1.0 pp and 1.2 pp to the 6.0 percent GDP growth for the first half of the year, respectively.

Outlook for the Rest of the Year

As of end-June 2024, the balance from the P5,767.6 billion obligation program for the year amounts to P472.3 billion² or 8.2 percent. This is comprised of some P80.1 billion balances in agency-specific budgets and P196.8 billion allocation from Special Purpose Funds (SPFs).

Most of the program balances under the regular budget of agencies are composed of the requirements for the creation and filling of positions of the DepEd and the DILG, the Universal Access to Quality Tertiary Education Program of different State Universities and Colleges for the Academic Year 2024 – 2025, and the various infrastructure projects of the DOTr. Meanwhile, unreleased allotments from the SPFs are for the Budgetary Support to Government Corporations, Allocation to LGUs, the Pension and Gratuity Fund, Miscellaneous Personnel Benefits Fund, Contingent Fund, and National Disaster Risk Reduction and Management Fund.

Infrastructure spending and MOOE will continue to drive disbursements for the remaining months of the year, with 56.1 percent and nearly 52.0 percent of their full-year program, respectively, expected this second semester. For infrastructure spending, this will constitute payments/progress billings from ongoing construction works/projects, including those that were started or accelerated during the summer season; while maintenance expenses will mostly comprise of the requirements of various education and agriculture sector related programs. In addition, the compensation adjustments of civilian government personnel pursuant to Executive Order No. 64, s. 2024³ will result in higher PS expenditures. The salary increase will be implemented in four tranches – beginning this year to 2027. More specifically, the implementation of the first tranche will be retroactive to January 1, 2024. For this purpose, the DBM has issued National Budget Circular No. 594 dated August 12, 2024 to provide for the implementing guidelines, rules, and regulations.

The said expenditures will hopefully help buttress strong economic growth by creating demand in the construction sector or supporting other related services industries, while also facilitating the recovery of the agriculture sector. Nevertheless, the government remains cautious of the impact of inflation on growth and overall quality of life of the Filipinos and hence will continue to work hard to ensure food security and stabilize prices of goods/commodities, as well as undertake measures to further improve public service delivery and spending efficiency.

² Net of the releases for FY 2023 Continuing Appropriations, Unprogrammed Appropriations, and other Automatic Appropriations accommodated within the total obligation program.

³ Issued on August 2, 2024, entitled "Updating the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of an Additional Allowance, and for Other Purposes."