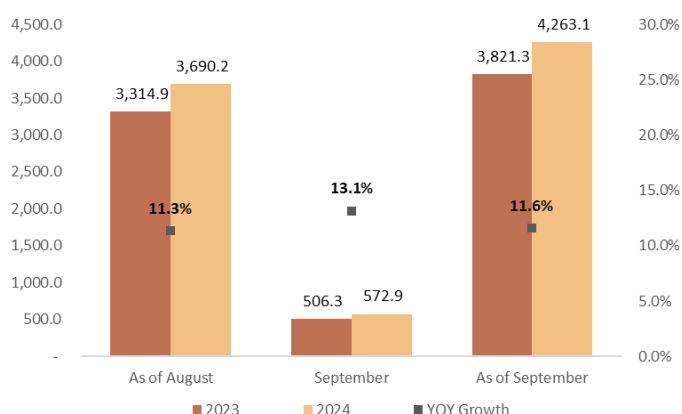


NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE AS OF SEPTEMBER 2024

National Government (NG) disbursements in September 2024 rose to P572.9 billion, up by P66.6 billion or 13.1 percent year-on-year. The sizable increase was mostly attributed to higher personnel services (PS) expenditures, infrastructure and other capital outlays, and maintenance spending. This drove year-to-date disbursements as of end-September 2024 to P4,263.1 billion, increasing by P441.8 billion or 11.6 percent more than the level recorded for the same period a year ago.

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



When compared against the P4,217.2 billion program for the first nine months of the year, disbursements were slightly higher by P46.0 billion or 1.1 percent. This was largely credited to faster infrastructure spending. However, the overspending was partly offset by the lower-than-programmed subsidy support to government corporations and equity, including the shift in the timing of the release of subsidy to the Philippine Health Insurance Corporation (PHIC) and the equity contribution to the Maharlika Investment Corporation (MIC), respectively.

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

(Amount in billion pesos, unless otherwise indicated)

Particulars	As of August				September				As of September			
	2023	2024	Inc/(Dec)		2023	2024	Inc/(Dec)		2023	2024	Inc/(Dec)	
			Amt	%			Amt	%			Amt	%
NCA ^{a/}	2,712.2	2,958.9	246.7	9.1	411.9	471.3	59.5	14.4	3,124.1	3,430.2	306.2	9.8
% of Eff. NCA	95.6%	94.3%			115.1%	120.4%			97.8%	97.2%		
Non-NCA	602.7	731.3	128.6	21.3	94.5	101.6	7.1	7.5	697.2	832.9	135.7	19.5
TOTAL	3,314.9	3,690.2	375.3	11.3	506.3	572.9	66.6	13.1	3,821.3	4,263.1	441.8	11.6
Memo Item												
Effective NCAs issued net of Trust Liabilities, Gross of Working Fund												
As of August					September				As of September			
		2023	2,837.3		2023	357.8			2023	3,195.0		
		2024	3,137.0		2024	391.4			2024	3,528.4		
Allotment Releases ^{b/}												
As of September 2023		5,118.1 ^{c/}	97.2% of the P5,268.0 billion obligation program									
As of September 2024		5,832.8 ^{c/}	100.0% of the P5,832.8 billion obligation program ^{d/}									

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.

^{d/} Refers to the adjusted program which includes additional program releases coming from the Unprogrammed Appropriations.

By type of disbursements, cash disbursements or those issued with Notice of Cash Allocation (NCA) rose to P471.3 billion in September 2024, up by P59.5 billion or 14.4 percent year-on-year. The increase resulted from higher PS expenditures, capital outlays, and maintenance and other operating expenses (MOOE). On the other hand, Non-NCA disbursements grew to P101.6 billion, up by P7.1 billion or 7.5 percent due to higher tax expenditures, interest payments, net lending, and withholding taxes from

government financial transactions recorded via the Tax Remittance Advice (TRA)¹. Year-to-date, NCA disbursements amounted to P3,430.2 billion, P306.2 billion or 9.8 percent more year-on-year; while Non-NCA disbursements amounted to P832.9 billion, up by P135.7 billion or 19.5 percent year-on-year.

Allotment Releases

As of end-September 2024, total allotment releases have reached P5,832.8 billion. These exceeded the original P5,767.6 billion obligation program for the year by P65.2 billion owing to additional releases from the Unprogrammed Appropriations (UA). For the month of September 2024 alone, allotment releases amounted to P108.1 billion, consisted mostly of the following big-ticket allotments:

DEPARTMENT/GOCC	PURPOSE	AMOUNT (In billion pesos)
Department of Education (DepEd)	PS requirements, mostly for the implementation of the 1 st tranche of salary adjustment and grant of FY 2022 Performance-Based Bonus to qualified teaching personnel	P26.1 billion
Department of Public Works and Highways (DPWH)	Capital Outlays, mostly to cover the FY 2024 additional local counterpart requirements of various foreign-assisted projects	P15.1 billion
Department of Transportation (DOTr)	Capital Outlays, mostly to cover the local counterpart requirements for the implementation of the Metro Manila Subway Project Phase I, North-South Commuter Railway System, and Davao Public Transport Modernization Project; to cover the Loan Proceeds requirements for the implementation of the New Cebu International Container Port Project; and for the payment of Right-of-Way expenses relative to the implementation of the LRT Line 1 Cavite Extension Project	P12.5 billion
Department of National Defense (DND)	Funding requirements for projects under the Revised Armed Forces of the Philippines (AFP) Modernization Program	P10.0 billion
PHIC	To cover the implementation of health insurance coverage for indigents under the Sin Tax Law	P8.3 billion
Department of Health (DOH)	To cover the funding requirements for the construction, completion, and equipping of three (3) DOH health facilities under the Health Facilities Enhancement Program (HFEP)	P3.4 billion
Bureau of the Treasury (BTr)	To cover payment of documentary stamp taxes on domestic debt securities issued and foreign exchange transactions of the National Government for the months of July and August 2024	P3.3 billion
Philippine Statistics Authority (PSA)	To cover the funding requirements for the implementation of the 2024 Census of Population and Community-Based Monitoring System	P2.2 billion
Marawi Compensation Board	To cover the release of the Marawi Siege Victims Compensation Fund for FY 2024	P1.0 billion

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

Year-on-Year Performance, by Expense Class

For the Month of September 2024

NG disbursements for the month of September 2024 jumped to P572.9 billion, increasing by P66.6 billion or 13.1 percent year-on-year. The following expense items contributed to the significant growth for the month:

- PS expenditures soared to P143.7 billion, higher by P24.5 billion or 20.5 percent year-on-year largely due to the implementation of the 1st tranche of salary adjustments of qualified civilian government employees pursuant to Executive Order (E.O.) No. 64 dated August 2, 2024². The sizable expansion accounted for the base pay increase as well as salary differentials beginning January 2024 following the retroactive implementation of the EO.
- Infrastructure and other capital outlays climbed to P137.1 billion, up by P19.8 billion or 16.9 percent year-on-year on account of the following:
 - i. Disbursements or payments for progress billings for completed road network and bridge programs of the DPWH;
 - ii. Implementation of various foreign-assisted projects of the DOTr;
 - iii. Implementation of capital outlay projects under the RAFPMP of the DND;
 - iv. Construction, repair, and rehabilitation of justice halls nationwide under the Justice System Infrastructure Program of the Department of Justice; and
 - v. Implementation of the Computerization Program of the DepEd.
- MOOE expanded to P106.9 billion, up by P16.5 billion or 18.3 percent year-on-year. The notable increase was mostly due to the following:
 - i. Settlement/payment of arrears for the Public Health Emergency Benefits Allowance (PHEBA) of non-plantilla healthcare workers under the Department of Health (DOH);
 - ii. Development, printing, and delivery of textbooks under the DepEd;
 - iii. Preparatory activities by the Commission on Elections (COMELEC) for the conduct of the 2025 midterm elections; and
 - iv. Implementation of the Population and Community-Based Monitoring System of the PSA.
- Tax expenditures doubled to P7.2 billion, up by P3.6 billion year-on-year due to i) higher documentary stamp taxes on government securities; ii) VAT, income, and miscellaneous taxes of the DOTr for the Metro Rail Transit Corporation; and iii) customs duties for the importation requirements of the DND for its various projects under the RAFPMP.

Table 2. NG Disbursements for the Month of September 2024

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	September			
	2023 ^{a/}	2024	Increase/(Decrease)	
			Amt	%
CURRENT OPERATING EXP.	365.1	415.0	50.0	13.7
Personnel Services	119.2	143.7	24.5	20.5
MOOE	90.4	106.9	16.5	18.3
Subsidy	21.3	18.2	(3.0)	(14.3)
Allotment to LGUs	59.2	65.3	6.0	10.2
IP	71.4	73.9	2.4	3.4
TEF	3.6	7.2	3.6	101.2
CAPITAL OUTLAYS	139.1	154.8	15.7	11.3
Infra and Other CO	117.3	137.1	19.8	16.9
Equity	0.1	0.4	0.3	348.2
Capital Transfers to LGUs	21.7	17.3	(4.5)	(20.5)
NET LENDING	2.2	3.1	0.9	40.8
TOTAL	506.3	572.9	66.6	13.1

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

² Entitled "Updating the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of an Additional Allowance, and for Other Purposes".

- Interest payments reached P73.9 billion, up by P2.4 billion or 3.4 percent year-on-year mostly due to the timing of payments for Fixed Rate Treasury/Benchmark Bonds. More specifically, payment in 2024 was made in September vis-a-vis October in the previous year. The other factors that were attributed to the growth of interest payments in September include higher Treasury Bill rates, the servicing of new external loans, and the impact of foreign exchange fluctuations.
- Transfers to LGUs totaled to P82.5 billion, up by P1.6 billion or 2.0 percent year-on-year. The increase was on account of the higher National Tax Allotment (NTA) shares of LGUs this year, and the releases for the Annual Block Grant of the BARMM and the Local Government Support Fund (LGSF) – Financial Assistance to LGUs. This was, however, tempered by the absence of releases for the Special Shares of LGUs in the Proceeds of National Taxes in September this year. In contrast some P5.6 billion was released in September last year pertaining to the shares of LGUs collected from energy sources.

Meanwhile, subsidy support to government corporations declined to P18.2 billion, down by P3.0 billion or 14.3 percent year-on-year sans the huge subsidy releases in September last year. These include i) payables of the National Housing Authority for its housing program/projects; ii) agricultural insurance for farmers and fisherfolk under the Registry System for Basic Sectors in Agriculture (RSBSA) of the Philippine Crop Insurance Corporation; iii) and release for *palay* procurement of the National Food Authority. The decrease was moderated by the P9.3 billion subsidy for the National Health Insurance Program of the PHIC; and the P5.5 billion subsidy to the National Irrigation Administration for contract farming, repair of national irrigation systems, and establishment of pump irrigation, among others.

For the Period January to September 2024

NG disbursements as of end-September 2024 amounted to P4,263.1 billion, P441.8 billion or 11.6 percent more year-on-year. The robust spending growth for the period was largely credited to the following:

- i. Infrastructure and other capital outlays (up by P124.8 billion or 14.6% y-o-y) with significant disbursements recorded in the DPWH for its banner infrastructure projects and the DND for its defense modernization projects;
- ii. Interest payments (up by P123.2 billion or 26.8% y-o-y) in view of higher interest rates, foreign exchange fluctuations, and additional debt issuances;
- iii. Maintenance spending (up by P121.7 billion or 19.2% y-o-y) for the i) implementation of social protection programs of the Department of Social Welfare and Development (DSWD); ii) payments made by the DOH for the PHEBA of non-plantilla healthcare and non-healthcare workers; and iii) preparatory works of the COMELEC for the upcoming 2025 National and Local Elections;
- iv. Combined allotment and capital transfers to LGUs (up by P60.8 billion or 8.8% y-o-y) with the higher NTA shares of LGUs due to the recovery of the tax revenues in 2021; and
- v. PS expenditures (up by P43.5 billion or 4.3% y-o-y) as a result of the implementation of the 1st tranche of salary adjustments under E.O. No. 64 dated August 2, 2024.

Notably, the overall infrastructure disbursements for the nine-month period, which also accounted for the infrastructure components of transfers to LGUs as well as subsidy and equity to government-owned and/or -controlled corporations, reached P1,142.6 billion, up by P121.5 billion or 11.9 percent from the previous year's level. This was equivalent to 6.1 percent of GDP vis-a-vis 5.9 percent outturn for the same period last year and the 5.6 percent full-year target this year.

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

(Amount in billion pesos, unless otherwise indicated)

Expenditure Class	January to September						
	2023 Actual ^{a/}	2024		Variance		Increase/(Decrease)	
		Program ^{b/}	Actual	Amt	%	Amt	%
CURRENT OPERATING EXP.	2,784.8	3,105.5	3,095.6	(9.8)	(0.3)	310.8	11.2
Personnel Services	1,000.8	1,040.4	1,044.3	3.9	0.4	43.5	4.3
MOOE	632.8	737.7	754.6	16.9	2.3	121.7	19.2
Subsidy	137.1	157.5	105.2	(52.2)	(33.2)	(31.9)	(23.3)
Allotment to LGUs	533.6	577.1	574.2	(2.8)	(0.5)	40.6	7.6
IP	460.1	583.4	583.3	(0.1)	(0.0)	123.2	26.8
TEF	20.3	9.4	34.0	24.6	260.7	13.7	67.2
CAPITAL OUTLAYS	1,018.9	1,104.6	1,164.3	59.7	5.4	145.4	14.3
Infra and Other CO	857.6	881.9	982.4	100.5	11.4	124.8	14.6
Equity	0.3	33.6	0.7	(32.9)	(97.9)	0.4	158.1
Capital Transfers to LGUs	161.0	189.1	181.2	(8.0)	(4.2)	20.2	12.6
NET LENDING	17.7	7.1	3.2	(3.9)	(54.8)	(14.4)	(81.8)
TOTAL	3,821.3	4,217.2	4,263.1	46.0	1.1	441.8	11.6
Memo Item							
Infra Disbursements ^{c/}	1,021.0	1,061.2	1,142.6	81.3	7.7	121.5	11.9

^{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

When assessed against the P4,217.2 billion program for the first three quarters of 2024, NG disbursements exceeded the program by P46.0 billion (1.1%). This was mostly attributed to the accelerated infrastructure spending of the DPWH especially for carry-over and ongoing projects, and the direct payments made by development partners for foreign-assisted rail projects of the DOTr. In particular, infrastructure and other capital outlays surpassed the program by P100.5 billion (11.4%).

Tax expenditures and MOOE also outpaced the program for the period by P24.6 billion (260.7%) and P16.9 billion (2.3%), respectively. This was due to the larger documentary stamp taxes on debt issuances made by the BTr in the case of tax expenditures. For MOOE, this was attributed to the payments made for the health allowance/benefits of non-plantilla healthcare and non-healthcare workers which were charged against the UA.

On the other hand, subsidies fell below the program by P52.2 billion (33.2%) mainly on account of the calibrated schedule of releases to the PHIC considering their current financial position and substantial cash holdings. Similarly, equity was P32.9 billion (97.9%) short of the program pending the release of the NG contribution to the capitalization requirement of the MIC.³

³ Pertains to the P32.8 billion FY 2023 NG equity contribution to the MIC which was supposed to be released last year but was deferred to 2024 pending the constitution of the MIC board and setting up of the MIC organizational structure at that time.

Capital transfers to LGUs were P8.0 billion (4.2%) less compared to the P189.1 billion program for the nine-month period due to pending release of the development fund to the BARMM and special shares of LGUs from taxes collected by the NG. More specifically, the Special Development Fund (SDF) of the BARMM amounting to P5.0 billion originally programmed in June 2024 was only released in October 2024. Moreover, the Special Shares of LGUs in the Proceeds of National Taxes – National Wealth are still awaiting release pending the certification by the concerned collecting agencies of the actual revenue and corresponding share of the beneficiary LGUs.

Impact of Government Spending on Economic Performance

In real terms, the Philippine economy grew by 5.2 percent during the third quarter of 2024 coming from the 6.4 percent GDP growth in the first half of the year and 6.0 percent in Q3 last year. Government spending on goods and services, and public construction for the third quarter this year moderately grew by 5.0 percent and 3.7 percent, respectively, amid the base effects of the catch-up spending for the same quarter in the previous year. Similarly, adverse weather conditions as experienced in Q3 this year (e.g., Typhoon Carina and Enteng in July and September, and *Habagat* in August) resulted in unintended delays in the construction/implementation activities for some ongoing capital outlay projects which, in turn, weighed down the government's contribution to capital formation.

Nevertheless, government final consumption expenditure performance as of end-September this year was registered at 6.5 percent, while public construction was posted at 14.9 percent – faster than the 2023 print of 1.0 percent and 7.9 percent, respectively. Both contributed by 1.0 and 0.9 percentage point to the 5.8 percent GDP growth for the first nine months of the year.

Outlook for the Rest of the Year

Although as of end-September 2024 allotment releases have already exceeded the original P5,767.6 billion obligation program largely due to the releases from continuing and automatic appropriations as well as additional releases from the UA, some P256.0 billion balances from the regular budgets of departments (P67.5 billion), special purpose funds (P93.1 billion), and automatic appropriations (P95.4 billion) are still available.⁴ The release of these items is subject to the submission of special budget requests and corresponding documentary requirements by the concerned agencies for evaluation of the DBM. It may be noted, however, that appropriations for MOOE and capital outlays under the FY 2024 GAA are valid for two years and hence can still be utilized until December 31 next year.

On the whole, spending in the last quarter of 2024 will continue to be supported by key expenditures of line agencies, specifically the priority social and agriculture programs as well as infrastructure projects, such as:

- i. Medical Assistance to Indigent Patients Program of the DOH;
- ii. *Ayuda para sa Kapos ang Kita* Program and Assistance to Individuals in Crisis Situations of the DSWD;
- iii. Rice Farmer Financial Assistance (RFFA) of the Department of Agriculture (DA); and
- iv. Relief and rehabilitation expenditures due to the recent natural calamities

⁴ Based on Status of Allotment Releases as of September 30, 2024. Available at: <https://www.dbm.gov.ph/index.php/status-of-allotment-releases>.

For its part, the DBM is committed to ensuring that the disbursements for the rest of the year will help the economy realize the growth and fiscal targets set for FY 2024. To this end, Circular Letter No. 2024-14⁵ was issued on October 28, 2024 to remind agencies to submit to the DBM their requests for the release of additional obligational and disbursement authorities, as well as other similar approvals and authorities up to November 15, 2024, as prescribed under National Budget Circular (NBC) No. 592⁶ dated January 2, 2024. The deadline provides reasonable time for the DBM to evaluate such requests and for the line agencies to comply with additional requirements if needed to ensure that funds are released and utilized before the year ends. Nonetheless, requests for mandatory or urgent expenditures, such as PS requirements and those related to disaster mitigation projects or programs, are exempted from the said cut-off date. The processing of all other requests received by the DBM beyond the said date shall then be deferred to FY 2025.

⁵ Reiteration of the Deadline for Submission of Agency Request/s for the Release of Additional Funds Requiring the Issuance of Obligational and Disbursement Authorities, as Well as Other Similar Approvals and Authorizations.

⁶ Guidelines on the Release of Funds for Fiscal Year 2024.