

EXPENDITURE PERFORMANCE: JANUARY TO SEPTEMBER 2022

Total National Government (NG) expenditures in January to September 2022 amounted to P3.67 trillion. This is about P293.9 billion or 8.7% higher than the P3.38 trillion level from the same period last year (*Table 1*). While total expenditures continue to expand, growth rate in spending, however, is slower in 2022 compared to 2021 growth rate of 11.7%. The slower growth rate can be attributed to the election spending ban and the change in NG administration in the first semester of 2022. Third quarter expenditures in 2022 is 25.5% of the country's gross domestic product (GDP) for the period.

TABLE 1
NG EXPENDITURE PERFORMANCE (JANUARY TO SEPTEMBER), (AMOUNTS IN BILLION PESOS), 2020-2022

Particulars	2020	2021	2022
Revenues	2,143.4	2,237.1	2,657.4
Expenditures	3,022.7	3,376.2	3,670.2
Deficit	(879.2)	(1,139.1)	(1,012.8)
Growth Rate (%)	2019-2020	2020-2021	2021-2022
Revenues	(7.9)	4.4	18.8
Expenditures	15.1	11.7	8.7
Deficit	194.1	29.6	(11.1)
Ratio to GDP* (%)	2020	2021	2022
Revenues	16.9	16.8	18.5
Expenditures	23.8	25.3	25.5
Deficit	(6.9)	(8.5)	(7.0)

*GDP at constant 2018 prices

Sources: Cash Operations Report (BTR), National Accounts of the Philippines (PSA)

Meanwhile, with total NG revenues increasing by 18.8% (or P420.3 billion) to P2.66 trillion in 2022, total deficit amounted to P1.01 trillion for the period. As a ratio to GDP, the Q3 deficit in 2022 at 7.0% is still slightly lower compared to Q3 2021 deficit at 8.5%.

TABLE 2
PRIMARY EXPENDITURES (JANUARY TO SEPTEMBER), (AMOUNTS IN BILLION PESOS), 2020-2022

Particulars	2020	2021	2022
Expenditures	3,022.7	3,376.2	3,670.2
Less: Interest Payments	313.0	339.3	400.0
Primary Expenditures	2,709.7	3,036.9	3,270.2
Growth Rate (%)	16.1	12.1	7.7
Ratio to GDP* (%)	21.3	22.8	22.8

*GDP at constant 2018 prices

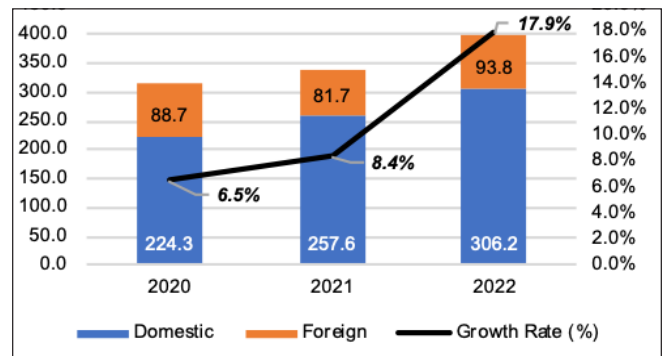
Sources: Cash Operations Report (BTR), National Accounts of the Philippines (PSA)

Facts in Figures

Congressional Policy and Budget Research Department
House of Representatives
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Table 2 shows that primary expenditures for Q3 2022 grew by 7.7% (or P233.3 billion higher) amounting to P3.27 trillion. Despite increasing nominally, growth rate of primary expenditures continues to slow down as interest payments steadily increase. However, with the GDP expanding by 7.6% as of Q3 of 2022 (compared to 6.9% as of Q3 2021), primary expenditures as a ratio to GDP remains at 22.8%.

FIGURE 1
INTEREST PAYMENTS BY SOURCE (JANUARY TO SEPTEMBER), (AMOUNTS IN BILLION PESOS), 2020-2022



Source: Cash Operations Report (BTR)

As of the third quarter of 2022, a total of P400 billion in interest payments was spent for the servicing of both foreign and domestic loans. Compared to last year, interest payments grew by P60.6 billion (17.9%). Figure 1 shows the increasing trend in the share of interest payments for domestic debts. It accounted for 71.7% of total interest payments in Q3 2020 and continued to increase to 76.6% in Q3 2022. While interest payments for foreign loans grew by P12 billion (14.7%) as of Q3 2022 to P93.8 billion, its share to total interest payments is lower at 23.4% compared to 24.1% in the same period last year.

TABLE 3
NG CASH EXPENDITURE ITEMS (JANUARY TO SEPTEMBER),
(AMOUNTS IN BILLION PESOS), 2020-2022

Particulars	2020	2021	2022
Allotment to LGUs	606.7	663.7	823.1
Interest Payments	313.0	339.3	400.0
Tax Expenditures	19.7	29.6	28.0
Budgetary Support to GOCCs	176.6	204.6	135.2
NG Disbursements	1,906.6	2,139.0	2,283.9
TOTAL	3,022.7	3,376.2	3,670.2
Growth Rate (%)	2019-20	2020-21	2021-22
Allotment to LGUs	32.4	9.4	24.0
Interest Payments	6.5	8.4	17.9
Tax Expenditures	(10.5)	49.9	(5.4)
Budgetary Support to GOCCs	4.5	15.8	(33.9)
NG Disbursements	13.2	12.2	6.8
TOTAL	15.1	11.7	8.7

Source: Cash Operations Report (BTr)

Table 3 compares the actual spending (as of Q3) by cash expenditure items from 2020 to 2022. About 62.2% or P2.28 trillion of total expenditures as of end of September 2022 are regular disbursements to national government agencies (NGAs) for their operations. This is 6.8% (or P145 billion) higher than the spending level in Q3 2021. Tax expenditures fell by 5.4% (or P1.6 billion) to P28 billion in Q3 2022 coming from a 49.9% increase in 2021—due to lower documentary stamp taxes for NG debt issuances.

TABLE 4
PROGRAM VS ACTUAL NG EXPENDITURES BY RECIPIENT,
(AMOUNTS IN BILLION PESOS), JAN TO SEPT 2022

Particulars	Program*/	Actual	Difference	
			Amount	%
NG Disbursements (NGAs)	2,027.2	2,283.9	256.7	12.7
Interest Payments (Creditors)	411.8	400.0	(11.9)	(2.9)
Allotment to LGUs (LGUs)	500.1	823.1	323.0	64.6
Budgetary Support to GOCCs	180.5	135.2	(45.3)	(25.1)
Subsidy	148.3	114.3	(34.0)	(22.9)
Equity	12.0	0.9	(11.1)	(92.3)
Net Lending	20.2	20.0	(0.2)	(0.9)
Tax Expenditures	620.2	28.0	(592.2)	(95.5)
TOTAL	3,739.9	3,670.2	(69.7)	(1.9)

*/ based on the FY 2022 Quarterly Fiscal Program approved on 24 May 2022 (181st DBCC Meeting)

Source: Cash Operations Report (BTr)

Allotment to Local Government Units (LGUs) posted the second largest share of total NG spending at 22.4%, and the biggest growth among cash expenditure items—i.e., it expanded by 24% to P823.1

billion as of Q3 2022. This growth is attributed to the higher National Tax Allotment in 2022 compared to the former Internal Revenue Allotment in 2021, and higher allocations to the Bangsamoro region. Meanwhile, total budgetary support to government-owned and controlled corporations (BSGC) fell by 33.9% (or P69.4 billion lower) to P135.2 billion in Q3 2022 as a result of lower subsidy and equity which makes up 85.2% of the total BSGC (Table 5).

TABLE 5
CASH EXPENDITURES FOR GOCCs BY TYPE
(AMOUNTS IN BILLION PESOS), JAN TO SEPT 2020-2022

Particulars	2020	2021	2022
Subsidy	199.6	145.9	114.3
of which:			
LRTA	11.2	0.8	0.7
NIA	25.0	27.8	29.4
NHA	17.7	14.8	8.9
BCDA	1.5	2.0	4.6
NFA	37.7	7.0	4.6
PFDA	0.6	0.3	3.1
PHIC	30.4	76.1	44.9
Equity	1.4	46.7	0.9
AFAB	0.1	0.2	0.1
APECO	-	-	0.2
BCDA	1.0	1.2	0.3
DBP	-	12.5	-
LBP	-	27.5	-
PHILGUARANTEE	-	5.0	-
PTNI	0.2	0.2	0.0
ZCSEZA	0.1	0.1	0.2
Net Lending	(24.3)	12.0	20.0
of which:			
LRTA	(5.7)	1.9	1.7
NEA	(6.4)	(0.6)	-
NFA	(11.0)	14.7	18.3
PHILGUARANTEE	-	(4.0)	-
TOTAL	176.6	204.6	135.2

0 = Less than P100 Million

Source: Cash Operations Report (BTr)

Subsidy declined by 21.7% (or P31.6 billion) in Q3 2022 due to the programming of releases to PhilHealth (PHIC). Equity also decreased by 98% (or P45.8 billion) with the completion of the one-time release of P45-billion equity infusion to government financial institutions (GFIs) for their credit assistance and lending programs under the Bayanihan II in 2021.

When compared to the P3.74 trillion expenditure program for the first nine months of 2022, actual spending was lower by P69.7 billion (1.9%) on account of significantly lower-than-program tax expenditures and BSGC (Table 4). Meanwhile, disbursements to NGAs and allotment to LGUs exceeded their program levels for the period by 12.7% and 64.6%, respectively.