

National Government Debt as of December 2014

Source: Bureau of Treasury, Statistical Data Analysis Division

Using US\$ 1 = PhP 44.70		US\$ (billion)	PhP (trillion)
NG Outstanding Debt		128.305	5.735
Domestic Debt		85.472	3.821
<i>By Instruments</i>	Treasury Bills	6.303	0.282
	Treasury Bonds/Notes	79.156	3.538
	Loans	0.13	0.001
	Others	0.000	0.000
Foreign Debt		42.833	1.915
<i>By Creditors</i>	Multilateral	8.627	0.386
	Bilateral	6.635	0.297
	Commercial	0.22	0.001
	Foreign Denominated Securities	27.549	1.231
NG Contingent Liabilities		9.535	0.426
Domestic Debt		2.642	0.118
Foreign Debt		6.893	0.308

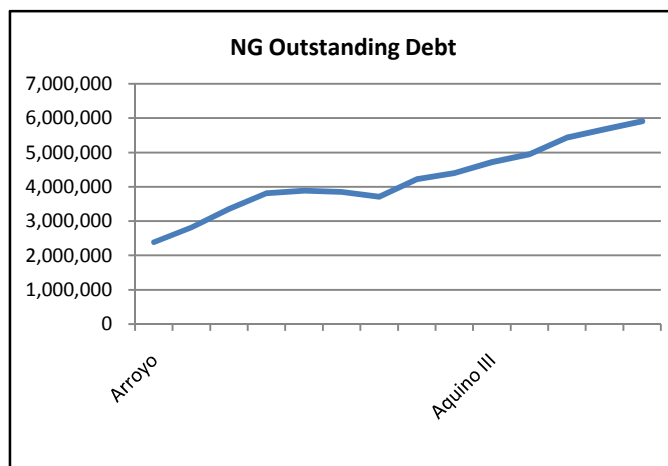
Note: Breakdown of totals may not sum up due to rounding of digits. The total national government debt must take into account the contingent liabilities, so it comprises both the outstanding and the contingent debt.

The Philippine debt problem is not yet over, as some people would want us to believe. Let us view some statistics on the debt situation.

National Government Debt per Filipino (using NG Debt as of Dec-2014 and 2000 Census-Based Population Projections; 2013 population = 97.35M)	P 58,911.14
Debt Servicing per day (using data on Interest and Principal payments of 2014)	P 2.244 billion
Public Sector Debt, P7.654 trillion, as % of GDP (using public sector debt data from BSP and GDP from NSCB as of end-2013)	66.28%

Source: Various Government Agencies

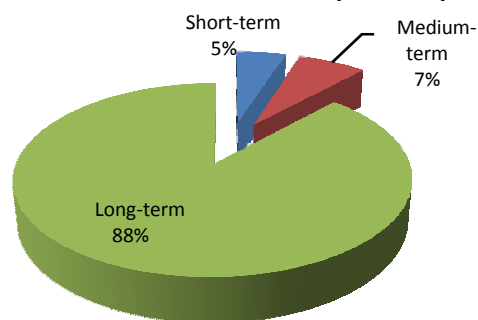
The Aquino III Administration Borrows Heavily. The debt stock of the national government (NG) grew from 2010 to 2014 by 25.30% or P1.193 trillion. Meanwhile, public sector debt swelled by 16.52%, from P6,569.1 billion in 2010 to P7,654.20 billion as of end-2013.



Old and maturing debts are retired with fresh borrowings mostly sourced through the domestic bond market and highly concessional loans with longer grace periods before the first amortization. This makes debt servicing seem “manageable” as appropriations in the national budget for debt payments decreases every year (except for the sudden spike from P559 billion in 2013 to P819.19 billion in 2014).

The NG’s obligations are predominantly medium to long-term (MLT) comprising 88 percent of total, thus easing cash requirements as debt payments are spread over a long period of time. MLTs have an average of 22 years for public sector borrowings (BSP).

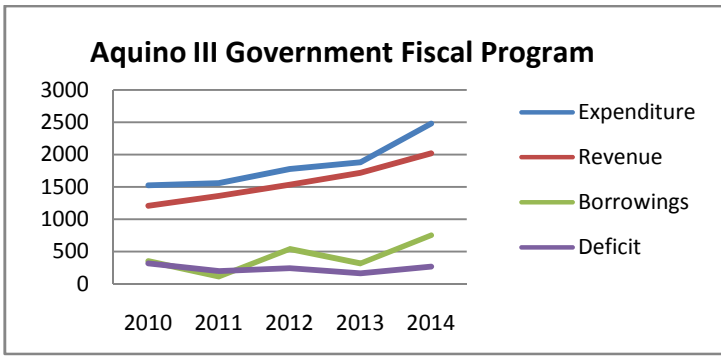
% Distribution of NG Debt by Maturity



As government revenues fall below required financing of expenditures, the government continues to incur more loans to plug the budget deficit and it borrows more than what it needs.

Particulars	2010	2011	2012	2013	2014
Revenue	1207.9	1359.9	1534.9	1716.1	2018.1
Expenditure	1522.4	1557.7	1777.8	1880.2	2480.7
Deficit	314.5	197.8	242.8	164.1	266.2
Borrowings	351.6	115.3	538.2	319.1	700.8

* in billion pesos

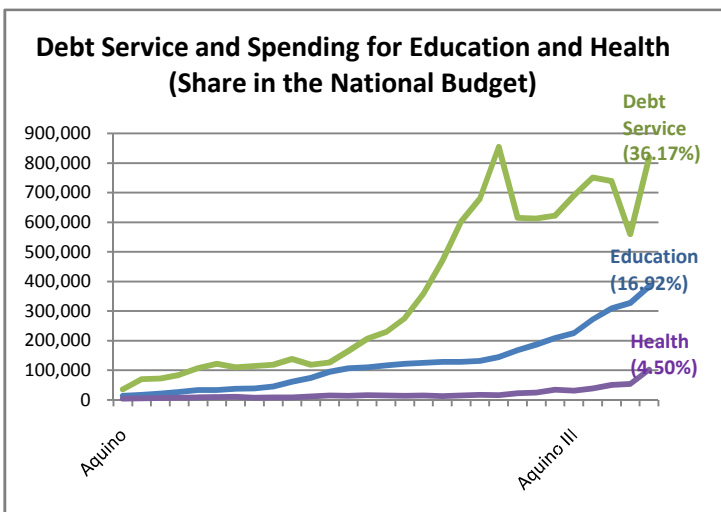


With the Aquino administration and allies in Congress blocking efforts for a comprehensive debt audit, the public is denied to “officially” know how these debts were spent, which ones actually benefited the nation and how much has been corrupted and/or wasted on useless projects. FDC estimates that in 2012 alone, government lost P8-billion in paying for nine (9) cases of identified questionable debts.

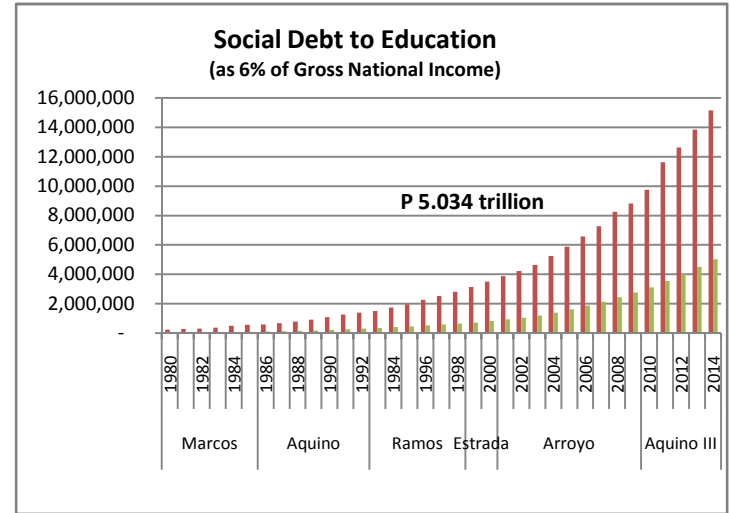
SOCIAL DEBT: The Freedom from Debt Coalition (FDC) defines **social debt as the State’s unfulfilled obligations to its citizens**, which can be approximated from its commitments as stated in the Constitution and laws, the socio-economic targets set by all previous development programs and plans, and standards set by the United Nations and international covenants in which the Philippines is a signatory.

The Philippines’s historical cycle of dependence on borrowings and prioritization of debt service over other public expenditures has stood in the way of the State’s fulfillment of its obligations, thus, severely constraining the Filipino people’s development and well-being. The government continues to uphold a law provision on automatic appropriations for debt service which prioritized debt payments over other public expenditures, including vital social services such as education, health, housing and employment.

1987 Administrative Code: Chapter 4 of BOOK VI (National Government Budgeting), Section 26 Automatic Appropriations. All expenditures for (1) personnel retirement premiums, government service insurance, and other similar fixed expenditures, (2) **principal and interest on public debt**, (3) national government guarantees of obligations which are drawn upon, are automatically appropriated: provided, that no obligations shall be incurred or payments made from funds thus automatically appropriated except as issued in the form of regular budgetary allotments.



Budgetary allocation for education still falls below the 6% GNP minimum investment recommended by the Fifth International Conference on Adult Education and affirmed by the Belem Framework for Action (CONFINTEA VI).



Automatic debt payments still get a significant slice of the national budget, denying much-needed funds for coming to terms with social debt and ensure access to essential services such as education and health (as pegged to internationally accepted standards in appropriating certain percentage of the GDP and GNI). Social service per capita is at P8,436.49 while debt service per capita remains close at P5,692.64.

Proposed Government Spending for 2015

Source: 2015 Budget of Expenditures and Sources of Financing

	in billion PhP	% of P2.6T budget
Debt Service	763.249	29.29%
Interest Payments	372.863	14.30%
Principal Amortization	390.386	14.98%
Education, Culture and Manpower Development	450.207	17.28%
Health	103.147	3.96%
Natural Resources and the Environment	23.642	1.03%
Agriculture and Agrarian Reform	109.273	4.19%
Social Security, Welfare and Employment	261.370	10.02%
Housing and Community Development	4.396	0.17%
Defense	116.318	4.46%

NOTE: Breakdown of totals may not sum up due to rounding of digits.

Freedom from Debt Coalition

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