



DEBT & PUBLIC FINANCE SNAPSHOT

Freedom from Debt Coalition (FDC)

National Government Debt as of end-June 2015

Source: Bureau of Treasury, Statistical Data Analysis Division

Using US\$ 1 = PhP 45.20 (Reference rate of the Bureau of Treasury)		US\$ (billion)	PhP (trillion)
NG Outstanding Debt		131.584	5.816
Domestic Debt		84.94	3.839
By Instruments	Treasury Bills	6.089	0.275
	Treasury Bonds/Notes	78.839	3.563
	Loans	.013	0.001
	Others	0.000	0.000
Foreign Debt		43.737	1.977
By Creditors	Multilateral	9.473	.428
	Bilateral	6.502	.294
	Commercial	.017	.001
	External Debt Securities	27.745	1.254
NG Guaranteed Debt		8.891	0.402
Domestic Debt		2.344	0.106
Foreign Debt		6.548	0.296

Note: Breakdown of totals may not sum up due to rounding of digits. The total NG debt must take into account its guaranteed debts, thus it comprises both the outstanding and the guaranteed debts.

The Philippine debt problem is not yet over.

National Government Debt per Filipino at population of 101.6 M
(using NG Debt as of June 2015 and 2010 Census-Based Population Projections) **P 57,246.22**

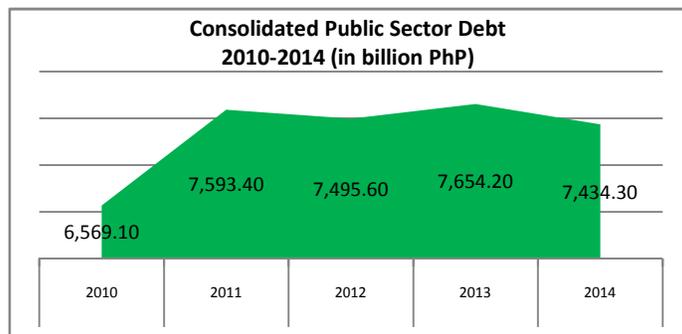
P775.826 billion Debt Service for 2015 on a per day basis (using data on Interest and Principal payments from the 2016 Budget of Expenditures and Sources of Financing [BESF]) **P 2.126 billion**

Public Sector Debt, P7.434 trillion, as % of GDP (using public sector debt data from DOF and GDP from 2016 BESF) **58.80%**

Source: Various Government Agencies

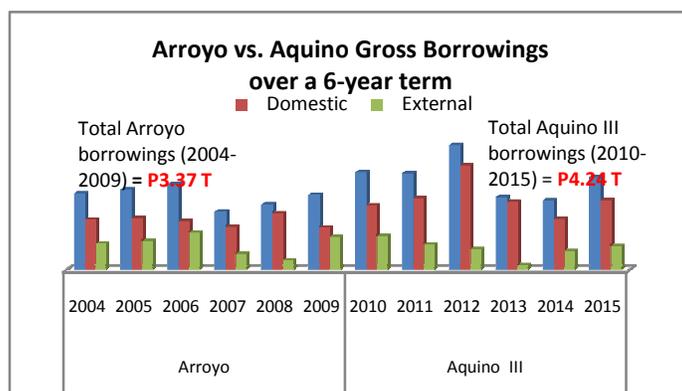
Note: Public sector debt includes the National Government, Local Government Units, 14 monitored GOCCs, CB/BOL/BSP, Social Security Institutions and 3 government financial institutions

Consolidated public sector debt has increased during Aquino III's term. Compared to the start of his tenure in 2010, public sector debt was 13.17% higher in 2014.



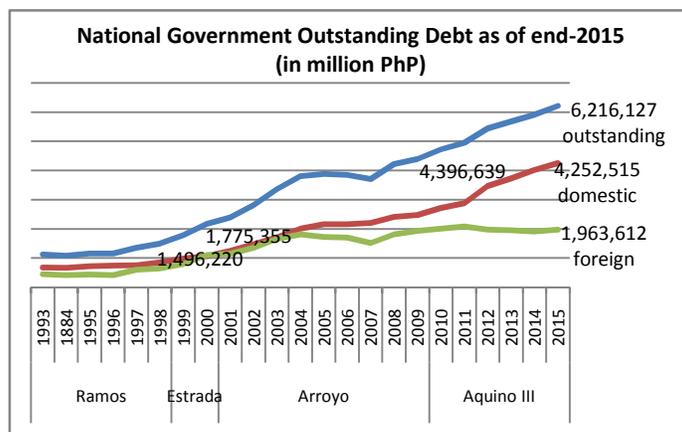
Source of basic data: Bangko Sentral ng Pilipinas

Computing the respective total borrowings of Aquino III and Arroyo over a six-year period, the former has dislodged the latter as the biggest borrower among post-EDSA presidents with his total borrowings of P4.24 trillion from 2010 to 2015.



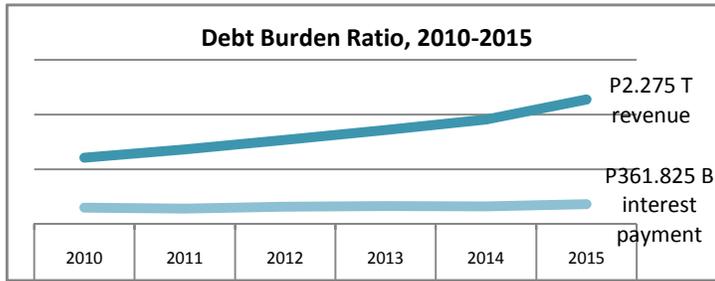
Sources of basic data: Bureau of Treasury and 2016 Budget of Expenditures and Sources of Financing

The government borrows to cover the gap between disbursements and revenues and for principal amortization of outstanding debt. Automatic payments for principal are not included in the National Expenditure Program but are reflected in the Budget of Expenditures and Sources of Financing (BESF). For 2015, 58.24% or P414 billion out of the P710.8 billion new borrowings will go to amortization. This practice of borrowing anew to pay for outstanding debt results in the growth of NG debt, which by end of 2015 will already amount to P6.22 billion.



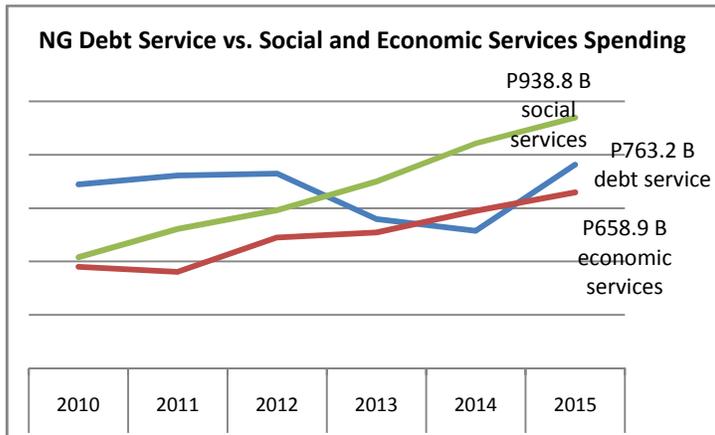
Sources of basic data: Bureau of Treasury and 2016 Budget of Expenditures and Sources of Financing

Despite the ballooning debt, the debt burden is easing up as shown by decreasing ratio of annual interest payments to revenues. Debt burden ratio by end-2015 is 14.57%.



Sources of basic data: Bureau of Treasury and 2016 Budget of Expenditures and Sources of Financing

The decrease in annual interest payments is a result of Arroyo's prepayment of debts and the Bureau of Treasury's liability management strategy which includes bond exchanges, limiting of exposure to foreign debt, and external debt prepayment in times of an appreciating peso. The shrinking debt burden ratio coupled with increasing spending for social and economic services give an impression that the government has gotten its priorities straight.



Source of basic data: Budget of Expenditures and Sources of Financing

But what the government keeps silent about is its **increasing social debt** or **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. By 2015, the Aquino III Administration alone would already incur P2.9 trillion and P3.6 trillion in social debt to education and health, respectively.

Aquino III Social Debt to Education and Health (for the year indicated, in PhP billion)

SOCIAL DEBT	2010	2011	2012	2013	2014	2015
Education (6% of GNP less Education budget)	360	426	449	504	594	548
Health (5% of GNP less Health Budget)	457	543	582	639	681	738

With eyes rigidly set on high credit ratings and attracting foreign investors, the Aquino III government also keeps silent on the fact that it is following the footsteps of its predecessors in using public funds to honor all debts, even the debts that did not benefit the Filipino people.

In the 2015 schedule of principal amortization for regular liabilities of the national government, **at least USD 28.353 million will be paid for five projects challenged by the Citizens Debt Audit Commission as fraudulent, useless and/or wasteful:**

Lender	Project	2015 Amortization (USD thousand)
Asian Development Bank	Sixth Road Project (Tullahan Bridge)	5,354
	Power Sector Development Program	15,000
Japan International Cooperation Agency	Pampanga Development Flood Control	3,040
	Bohol Irrigation Phase II	2,386
	Angat Water Supply Optimization	2,573

FISCAL JUSTICE!

With the law provision on automatic appropriation for debt service in place, debt service is still prioritized and escapes scrutiny during the budget process, thus, undermines the power of the purse of Congress. In 2008 and 2012, FDC lobbied for the suspension of interest payments for questionable loans but efforts were blocked by Arroyo (2008) and allies of Aquino III (2012).

People's resources, specifically public funds, are in the midst of the quicksand that Aquino III and his predecessors created. As articulated by the Asian People's Movement on Debt and Development, these funds are entrusted to the government for the fulfillment of its obligations to protect and uphold the rights of its citizens, promote equity and justice, provide for essential services, and be transparent and democratic in formulation and implementation of budget and spending along with policies on these.

Adding insult to injury is the stubborn refusal of the government to audit the debts it continues to pay for. For FDC who has done a study and preliminary audit of loans contracted by the government, an Official Audit would reveal that many of these loans did not benefit the people and should be repudiated thus freeing huge resources that could be spent to enable the people to live a life of dignity.

Freedom from Debt Coalition

#11 Matimpiin Street, Barangay Pinyahan,
1100 Quezon City, Philippines

+63 2 9246399 / 9211985

<http://www.fdc.ph>, mail@fdc.ph

<http://www.twitter.com/fdcphil>

<http://www.flickr.com/photos/freedomfromdebt/>