



DEBT SNAPSHOT

Freedom from Debt Coalition (FDC)

<http://www.fdc.ph>

Total External Debt as of end- 2010

<i>Using US\$ 1 = PhP 43.7</i>	US\$ (million)	PhP (trillion)
RP External Debt	60.048	2.624
General Government	35.688	1.560
Monetary Authorities	1.459	0.064
Banks	6.727	0.294
Other Sectors	14.667	0.641
Direct Investment: Intercompany	1.506	0.066

Source: Bangko Sentral ng Pilipinas (BSP)

Note: Breakdown of totals may not sum up.

Outstanding Public Sector Debt as of end 2009 (in trillion pesos)

<i>Using US\$ 1 = PhP 43.8503</i>	US\$ (million)	PhP (trillion)
Consolidated Public Sector Debt	129.896	5.696
Consolidated Non-financial Public Sector Debt (includes GOCCs like NPC, PNOC, MWSS)	106.316	4.662
Financial Public Corporations (BSP and 3 GFIs – DBP, LBP, TIDCORP)	50.262	2.204
<i>Minus: Intra-sector-debt holdings</i>	26.682	1.170

Source: Department of Finance, Outstanding Public Sector Debt.

Note: Breakdown of totals may not sum up due to rounding of digits. The consolidated public sector comprises the general government sector, non-financial public corporations, and financial public corporations, after elimination of intra-debt holdings among these sectors.

National Government Debt as of end-April 2011

<i>Using US\$ 1 = PhP 42.90</i>	US\$ (billion)	PhP (trillion)	
NG Outstanding Debt	109.837	4.712	
Domestic Debt	62.611	2.686	
<i>By Instruments</i>	Treasury Bills	8.974	0.385
	Treasury Bonds/Notes	53.403	2.291
	Loans	0.210	0.009
	Others	0.000	0.000
Foreign Debt	47.232	2.026	
<i>By Creditors</i>	Multilateral	7.295	0.313
	Bilateral	10.744	0.461
	Commercial	0.869	0.037
	Foreign Denominated Securities	28.324	1.215
NG Contingent Liabilities	12.098	0.519	
Domestic Debt	2.145	0.092	
Foreign Debt	9.953	0.427	

Source: Bureau of Treasury, Statistical Data Analysis Division

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.

Debt Facts

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 end-April 2011 NG Debt and Commission on Population 2011 projection)	P 49,185.80
Debt Servicing per minute (using data on Interest and Principal payments of 2011)	P 1,565,297.56
Public Sector as % of GDP (using public sector debt from DoF and GDP from NSCB as of end-2009)	64.65%

Source: Various Government Sources

Government Spending for 2011		
<i>in billion pesos</i>		<i>per capita*</i>
Debt Service	823.267	P 8,593.60
Interest Payments	357.090	P 3,727.45
Principal Amortization	466.177	P 4,866.15
Education, Culture and Manpower Development	271.670	P 2,835.80
Health	49.912	P 521.00
Natural Resources and the Environment	16.502	P 172.25
Agriculture and Agrarian Reform	157.074	P 1,639.60
Social Security, Welfare and Employment	132.970	P 1,388.00
Housing and Community Development	11.780	P 122.96
Military	73.787	P 770.22
<i>Source: Department of Budget and Management Proposed Budget for 2011 and Commission on Population 2011 Projected Population</i>		
NOTE: Breakdown of totals may not sum up due to rounding of digits.		

FACT: In 2008, Congress suspended interest payments for loans “**challenged as fraudulent, wasteful and/or useless**”. Section XLVII of House Bill 2454 or the General Appropriations Bill (GAB) for F.Y. 2008, the version submitted by the Bicameral Conference Committee, unilaterally suspended interest payments for 11 debt cases, pending investigation:

- a. Austrian Medical Waste Project, funded Bank Austria Aktiengesellschaft (AG)
- b. Small Coconut Farms Development Project (SCFDP), funded by International Bank for Reconstruction and Development (IBRD)
- c. Social Expenditure Management Program 2 (SEMP2), funded by IBRD
- d. Secondary Education Development and Improvement Project (SEDIP), funded by Japan Bank for International Cooperation (JBIC) and the Asian Development Bank (ADB)
- e. Philippine Merchant Marine Academy (PMMA) Modernization Project, funded by Kreditanstalt fuer Wiederaufbau (KfW) of Germany
- f. Telepono sa Barangay (TSB) Project, funded by Export Development Corporation (EDC) of Canada, Credit Comm'l de France (CC DE FRANCE)
- g. Power Sector Restructuring Program (PSRP), funded by JBIC and ADB
- h. Power Sector Development Program (PSDP), funded by JBIC
- i. Angat Water Supply Optimization Project (AWSOP), funded by JBIC
- j. Procurement of Search and Rescue Vessel from Tenix Defense Pty Ltd., funded by Export Finance and Insurance Corporation (EFIC) of Australia
- k. Pampanga Delta Development Project, funded by JBIC
- l. Remaining unsecuritized loans incurred during the term of former President Ferdinand Marcos

Debt Payments and Under-spending. For all post-EDSA government interest payments alone already averaged around 25.72% of the national budget. In 1986-1996 and 1999-2008, interest payment exceeded education's Philippine Constitution, Article XIV, Section 5.5, stating that education is the highest budgetary allocation. This is exclusive of payments for principal. Interest payments exceeded interest payments.

Unfortunately, then President Gloria Macapagal-Arroyo decided to veto the Special provision, citing the automatic appropriations law.

Relevant Laws on Debt

- **Automatic Appropriations.** Contained in Section 26(B) of Book VI, Executive Order (EO) 292, or the Revised Administrative Code of 1987. Principal amortization and interest payments for government obligations are automatically appropriated.
- **Presidential Power to Unilaterally Contract Loans.** Stated in Article VII, Section 20 of the 1987 Constitution gives the president blanket power to contract debts.
- **Foreign Borrowings Act of 1966.** Republic Act 4860 as amended by Presidential Decree No. 1939 is the country's primary law on borrowings and foreign financing.
- **Official Development Act of 1996 and its Implementing Rules and Regulations (IRR).** RA 8182, as amended by RA 8555, exempts ODA from Section 2 of RA 4860, which is the debt limit.
- **Borrowing Powers of Local Government,** as stipulated in Sections 295 to 303, Book II, Title IV of Republic Act 7160 or the Local Government Code.

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Freedom from Debt Coalition

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