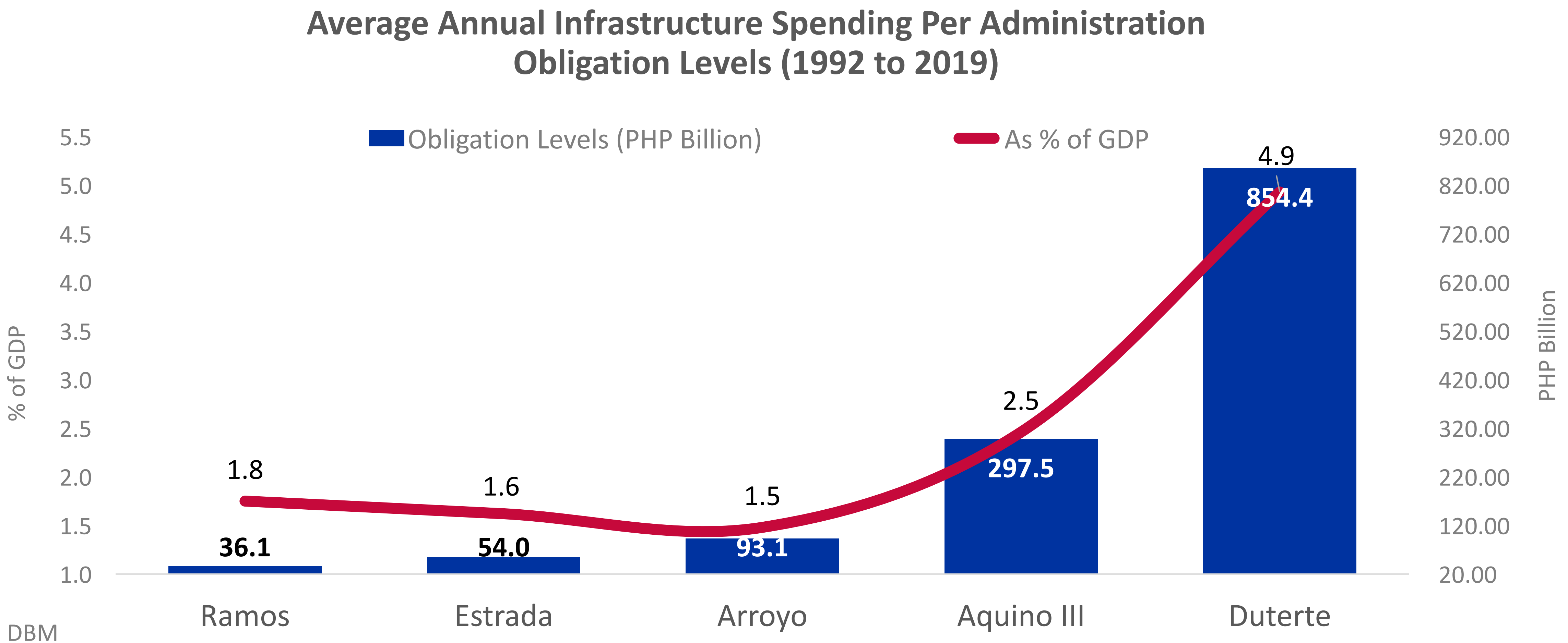
# Debt Management Briefing

**Carlos G. Dominguez**
**Secretary of Finance**

*September 6, 2021*

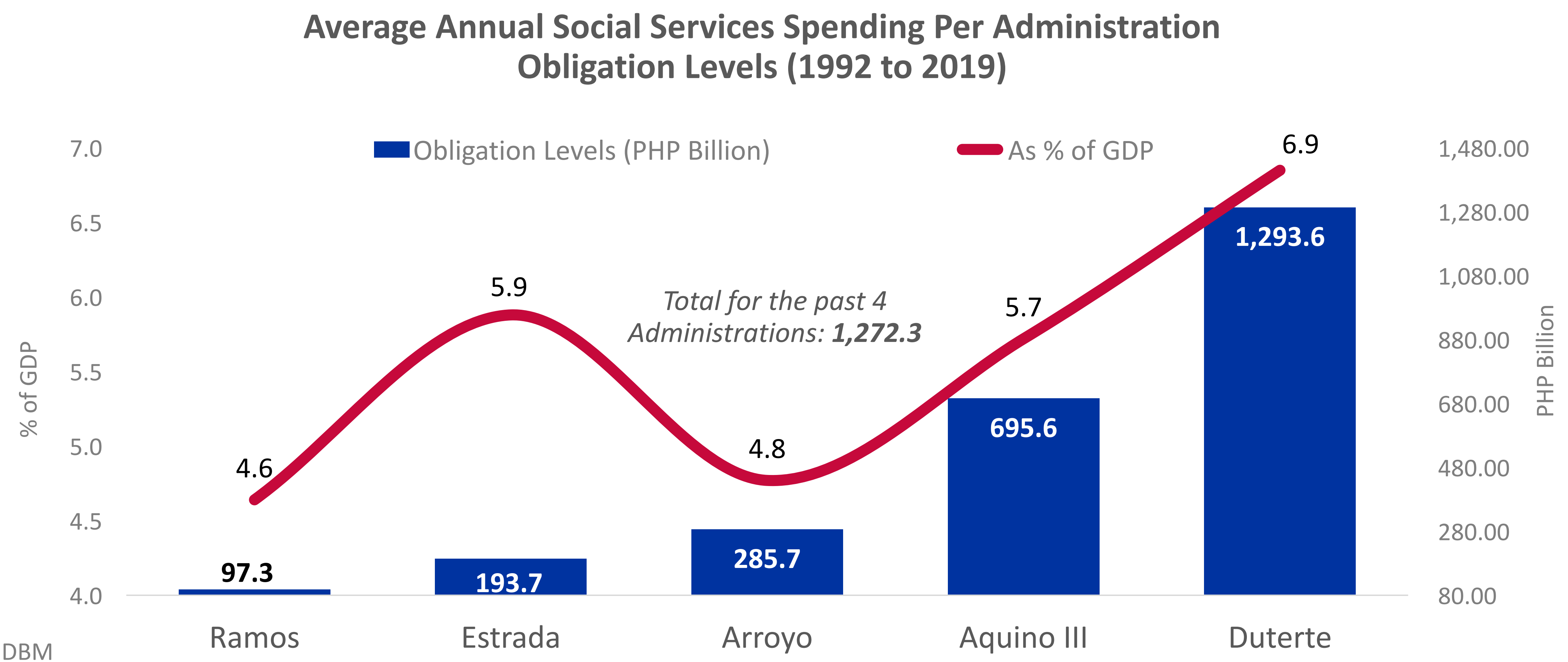
Under President Duterte’s administration,
**our debts have been designed to fund our massive investments in and for the Filipino people**.

Under President Duterte, infrastructure spending rose to about 5 percent of GDP or double that of the previous presidencies. This turbo-charged the Philippine economy and created more quality jobs for our people.



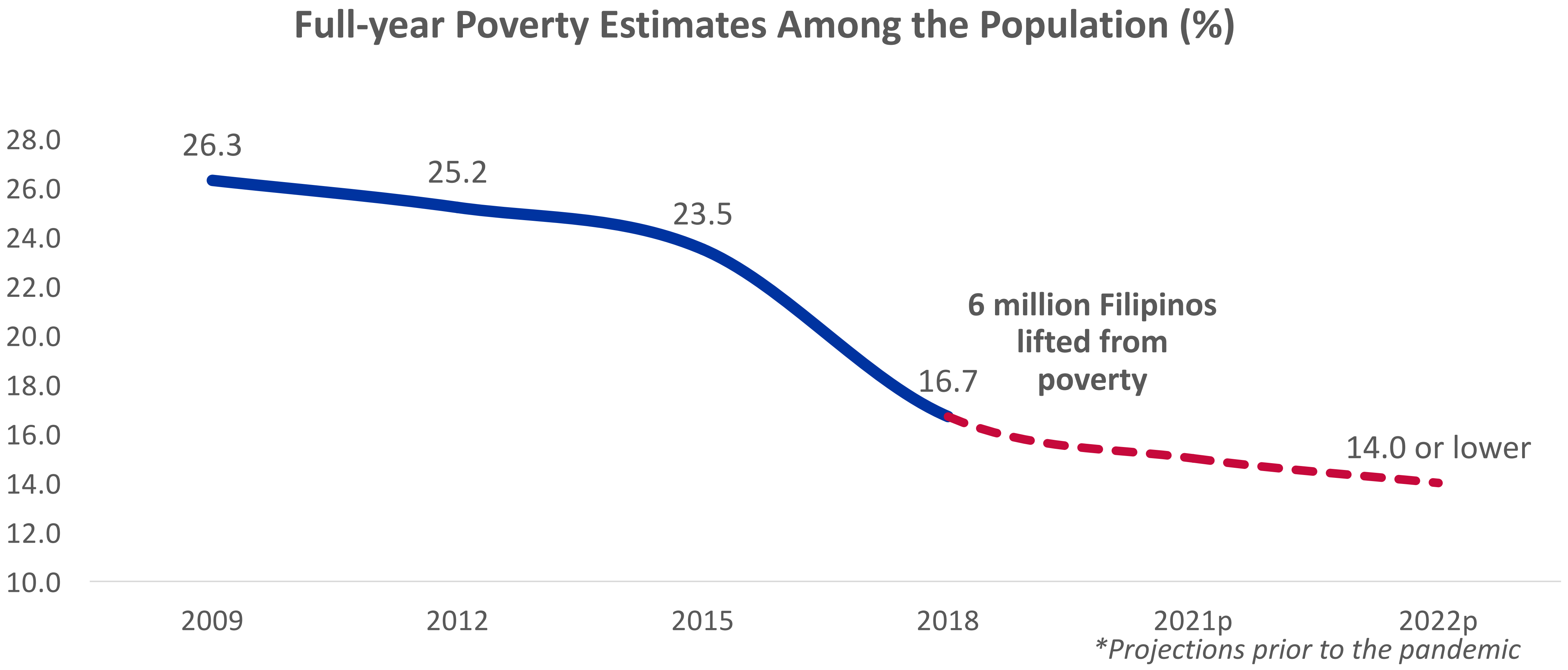

Source: DBM
Note: 2019 is cash-based.

The annual average spending on social services of the Duterte administration in its first three years alone has overtaken the combined average annual expenditure of the past four administrations.



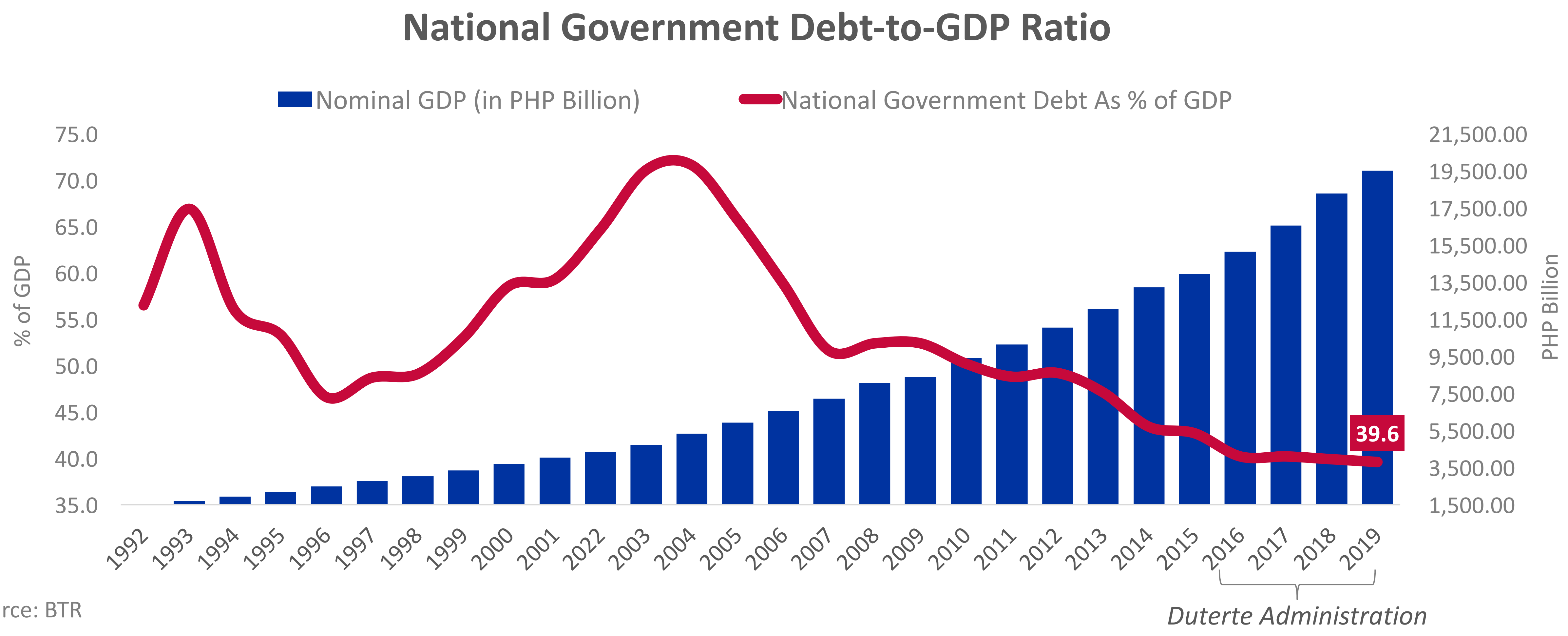

Source: DBM
Note: 2019 is cash-based.

With these productive investments, the President's promise of lifting 6 million Filipinos from poverty by 2022 was achieved ahead of schedule in 2018.



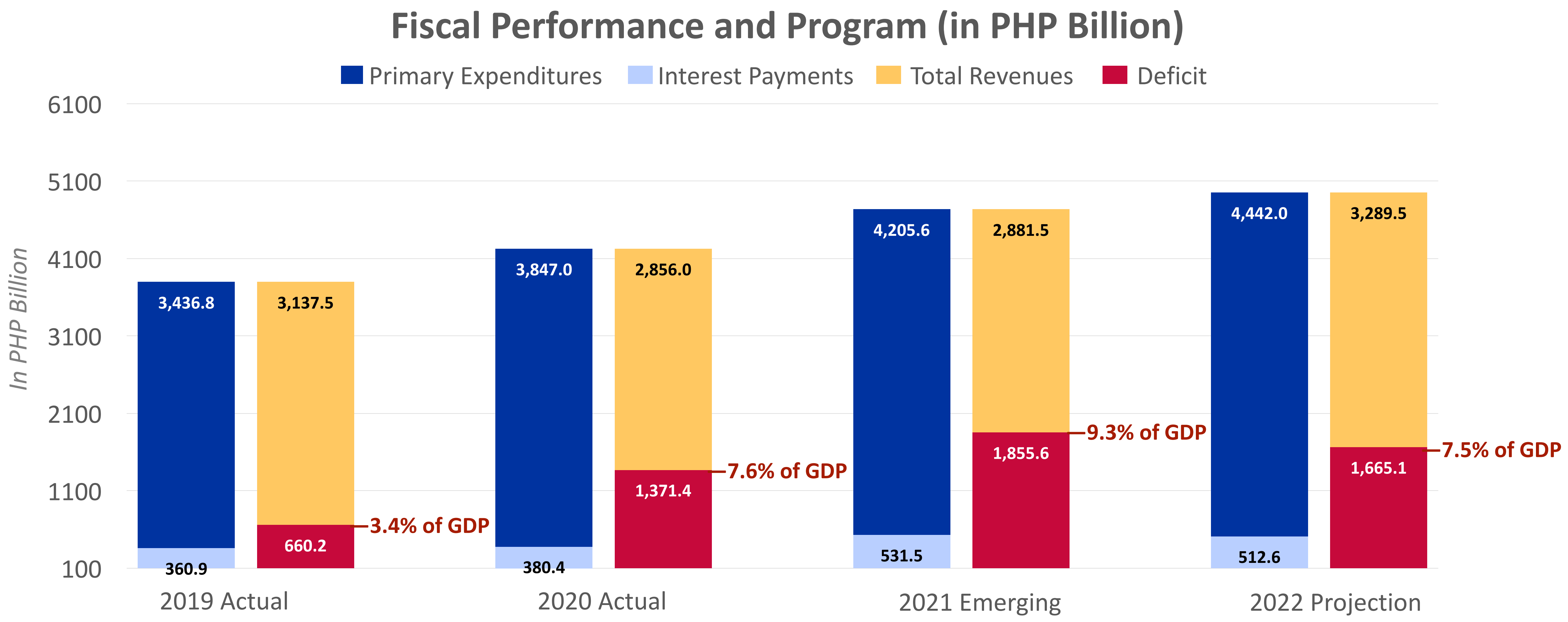

Source: NEDA

At the end of 2019, despite modest growth in our outstanding debt, the Philippine government was able to bring its debt-to-GDP ratio to a historical low of 39.6 percent. This means that our investments paid off.




Source: BTR

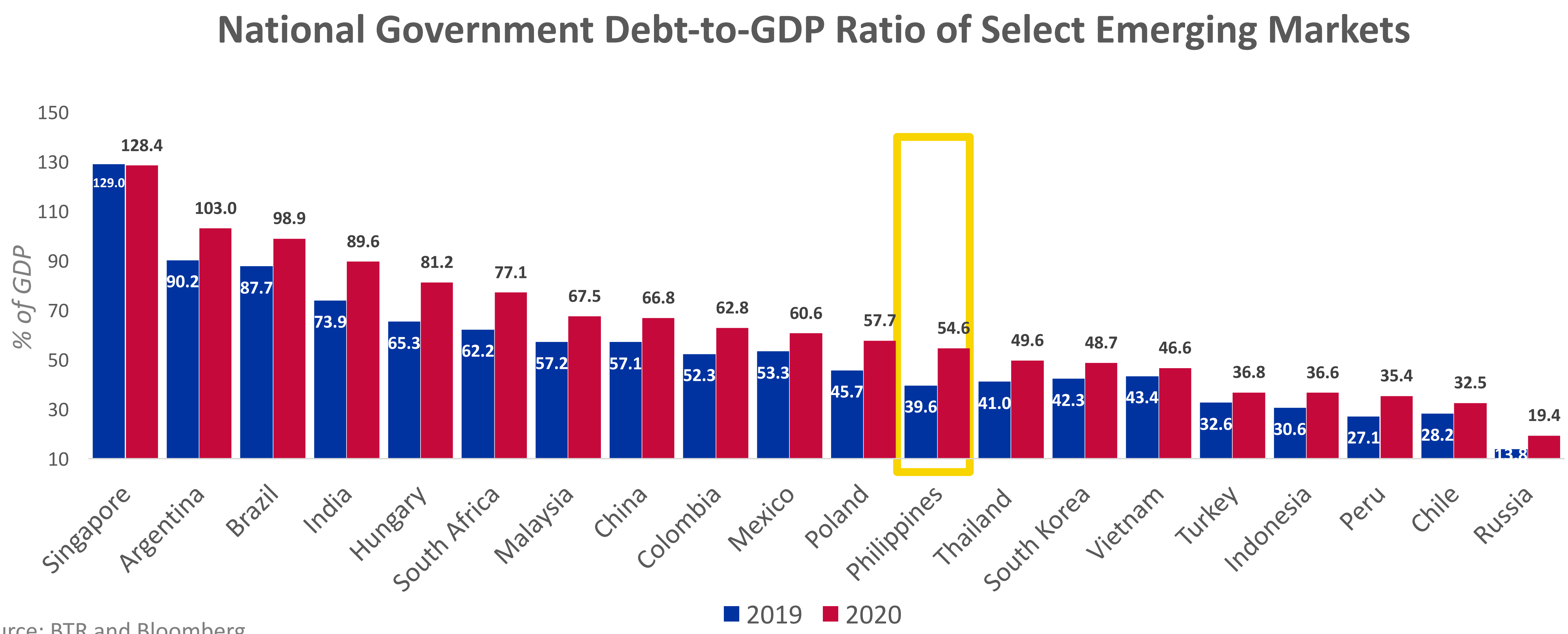
## The unplanned spending needed for the pandemic response temporarily pushed up our deficit levels. But the levels are still sustainable considering that we had to rapidly enlarge our health care capacity.



## With our high credit ratings affirmed amidst the global health crisis, we were able to source emergency borrowing and float bonds at lower rates.

| | |
|---|---|
| **Lianhe Credit Rating Co. Ltd.** | Affirmation of AAA, Stable Outlook (July 2021) |
| **Japan Credit Rating Agency** | Upgrade from BBB+ to A-, Stable Outlook (June 2020) |
| **R&I** | Affirmation of BBB+, Stable Outlook, (April 2021) |
| **S&P Global Rating** | Affirmation of BBB+ rating, Stable Outlook (May 2021) |
| **Fitch Ratings** | Affirmation of BBB rating, Revised Outlook to Negative (July 2021) |
| **Moody’s** | Affirmation of Baa2 rating, Stable Outlook (July 2020) |

The 15-percentage point increase in our debt-to-GDP ratio in 2020 is still within the prescribed bounds of fiscal viability and the experience of our neighbors and rating peers globally.




Source: BTR and Bloomberg

The sustainability of the debt depends on two things:

**the cost and the ability to generate economic activity to pay it off.**

About 25 percent of our domestic economy consists of government spending.

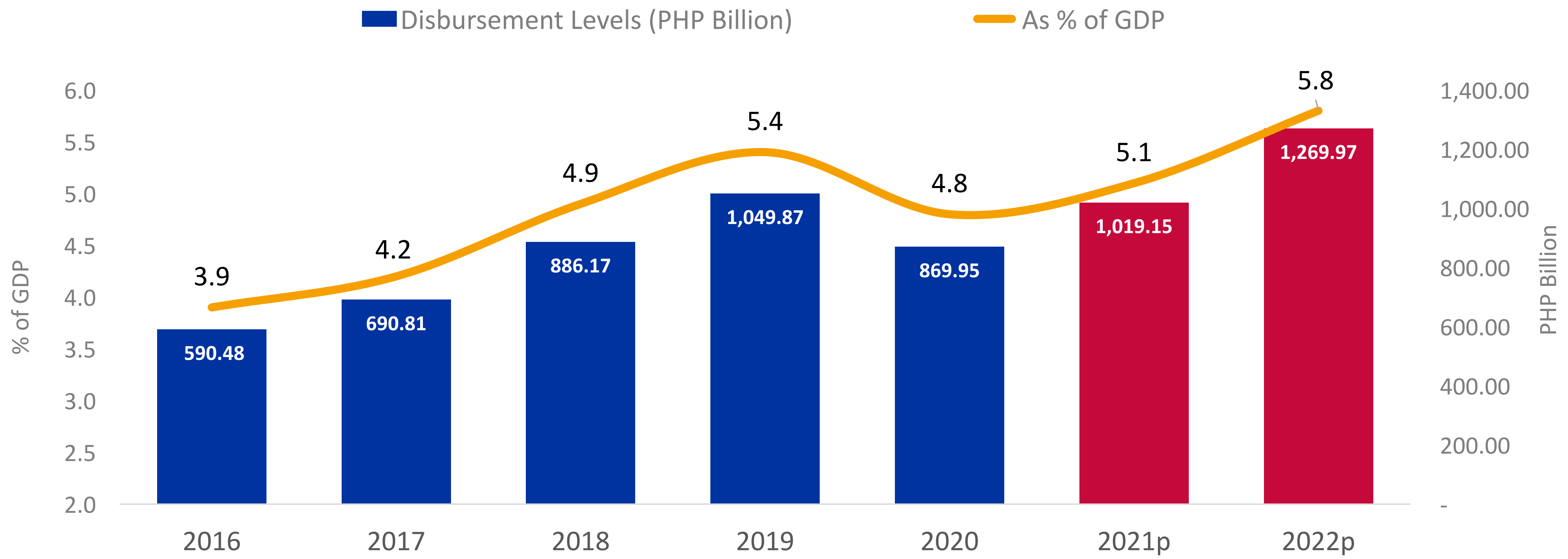
**If we did not increase the level of public spending through borrowings, the domestic economy could have collapsed.**

**We should use our borrowings to beef up our health requirements and to generate productive economic activity.**

If we don't do these things,
the economy will collapse further.

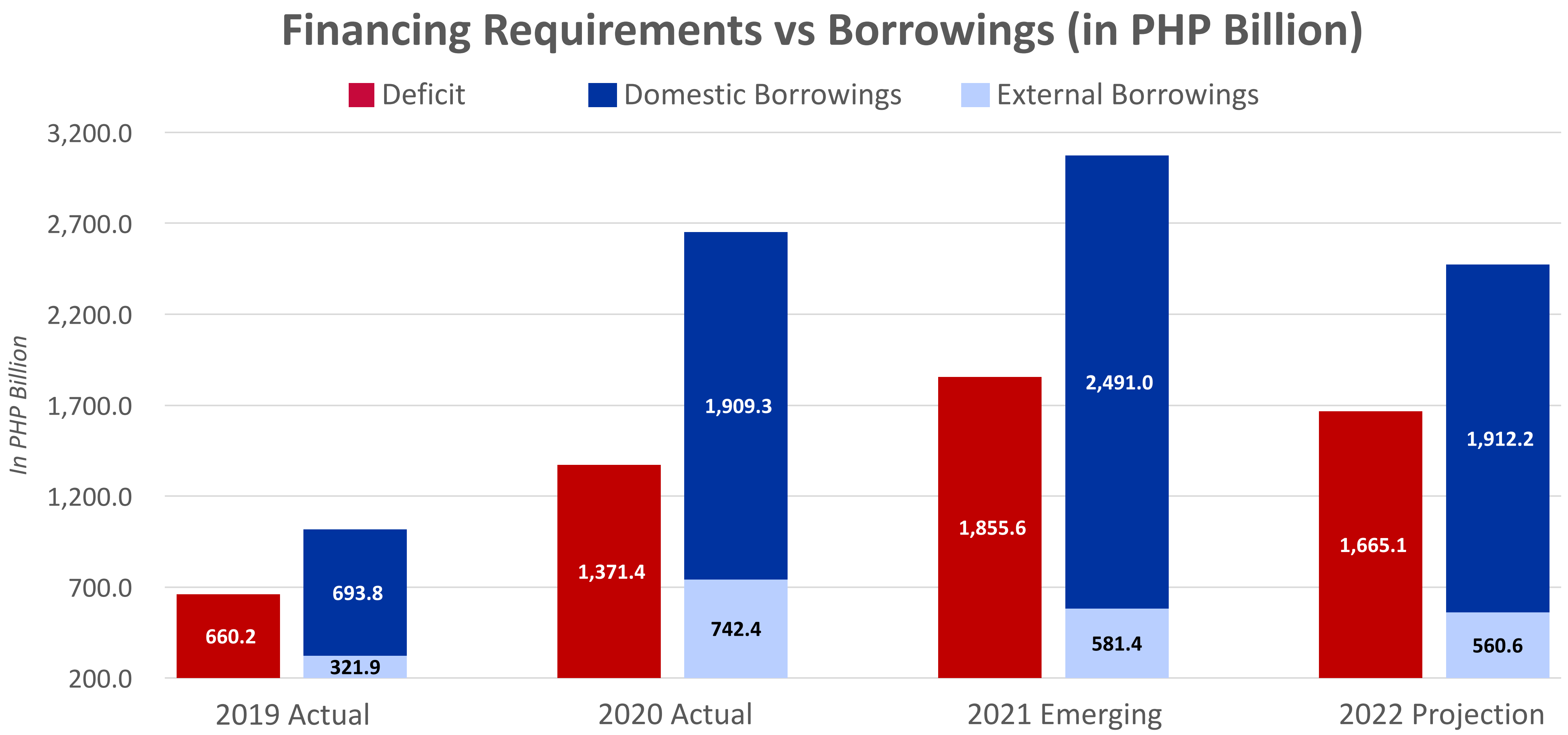
We are maintaining the pace of our Build, Build, Build program because infrastructure investments have the highest multiplier effect on economic growth.

## Infrastructure Spending as a Percentage of GDP




Source: DBM

We will continue with our sustainable and prudent borrowing. Our financing program considers provisioning for buffers to ensure a strong cash position amidst the pandemic.



**Both the Department of Finance and the Bangko Sentral ng Pilipinas are in sync in ensuring that fiscal and monetary tools in our arsenal are kept sharp and ready even for a protracted global health emergency.**

Through the length of this pandemic,
**the Duterte administration never lost sight of the demands of fiscal responsibility.**

To achieve a solid recovery, the Executive and the Legislature must work together to fight the pandemic sustainably by keeping our deficit and debt ratios within reasonable levels.

**This will allow us to leave our finances in great shape for the next administration and the future generation of Filipinos.**

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