Debt

On the country's dismal competitiveness performance. Philippine Gov't told to revise policy on debt service

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In order to improve its dismal competitiveness performance, the government must revise its policy on debt service and re-channel the funds to the delivery of basic social and economic services, according to an advocacy group.

The Freedom from Debt Coalition yesterday highlighted the result of the 2006 World Competitiveness Yearbook, published by the Switzerland-based Institute for Management Development (IMD), which revealed the country's poor rating on government expenditures on education (60th) and on health (60th).

"It comes as no surprise that the Arroyo administration performed poorly as regards the provision of basic education and health services. For years now, the government has been allocating insufficient funds for these two sectors, in contrast to the gargantuan debt servicing which eats up one-third of our national budget," said FDC president Ana Maria R. Nemenzo.

On May 11, the IMD released its 2006 report, with the Philippines maintaining its 49th ranking among 61 countries surveyed. The United States maintained its number one position while China jumped to 19th from 31st place in the said survey.

The IMD survey was based on 312 criteria that were grouped into four major competitiveness factors: economic performance, government efficiency, business efficiency, and infrastructure.

According to reports, other areas in which the Philippines ranked low were expenditure on research and development (60th), country's credit rating (57th), country image abroad (57th), risk of political instability (60th), bribery and corruption (60th), brain drain (58th), and independence of public service from political interference (59th).

The United Nations Educational, Scientific, and Cultural Organization (UNESCO) has set a benchmark on the minimum investment or government expenditure on education at 6 percent of the gross national product (GNP)-the total goods and services produced by residents of a country, including those working abroad.

"The government's investment in education only averages 2.7 percent of our GNP," said Nemenzo, stressing that last year, the education-to-GNP ratio dropped to 2.34 percent.

Healthcare budget, on the other hand, continues to shrink in relation to the national government allocation.

"From 1.7 percent in 2004 to 1.4 percent last year, the government's allocation to health dwindled to 1.3 percent this year. How can we cope with the increasing and pressing need for quality healthcare?” asked Nemenzo. The FDC pointed out that there are available funds, but these are appropriated to items that are not enjoyed by the people.

“Aside from political will, the government must immediately scrap the automatic appropriations law on debt service; audit all our outstanding and contingent liabilities; and, unilaterally cancel the payments earmarked for illegitimate and odious debts. There is an urgent need to spend more on social and economic services amid the worsening hunger and poverty situation, and the deterioration of quality of education in the country,” stressed Nemenzo.

A study on hunger, recently released by the independent survey firm Social Weather Station, disclosed that the percentage of households having experienced hunger, with nothing to eat, at least once in the past three months, reached a new record high of 16.9% in March 2006 - equivalent to 2.8 million families - surpassing the previous peak of 16.7% in December 2005. The survey also revealed that severe hunger, or families going hungry often or always in the last three months, was at 4.2% in March 2006, or almost 700,000 families.

Reference: Bobby Diciembre @ 0920-9059856