

Philippines: Duterte's Budget, Foreign Debts and Pork Barrel

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DUTERTE'S BUDGET ALLOCATES P6.13B FOR QUESTIONABLE FOREIGN DEBTS

MANILA, Philippines – The Duterte administration's proposed 2017 national budget has allocated P6.13 billion in foreign debt service for 13 fraudulent, wasteful or useless loans, the Freedom from Debt Coalition (FDC) bared in a recent news release.

"For all of the hoopla about having a 'Budget for Real Change', billions of public funds remain to be captured and wasted on questionable loans incurred since the time of the late dictator Marcos. FDC has initially identified 13 questionable loans, but more are likely to be uncovered if Congress initiates an official comprehensive audit of all public debts," FDC Secretary General Sammy Gamboa said.

FDC defines illegitimate debts as debts arising from loan-funded programs or projects that violated principles of human rights and sustainable human development, justice and fairness, accountability and responsibility, sovereignty of peoples and nations, and democracy. Projects funded by the 13 loans involved construction of farm-to-market roads, flood control, irrigation, power sector reforms, and elementary education, among others. Many of the loans came from the Asian Development Bank, Japan International Cooperation Agency and the World Bank.

According to FDC, the government's projected debt service expenditures for 2017 will be P891.35 billion, including prepayments and bond exchange transactions. Of the said amount, P739.54 million and P5.39 billion will go to interest payments and principal amortization of the 13 loans that were marred by corruption, bloated budgets, violation of legal procedures, lack or insufficient public consultations and used as lender's conditionality for privatization of essential services such as power and water.

Gamboa points to the continued existence of a law enacted in 1977 by Marcos that automatically appropriates payments for principal and interest of public debts. Thus, debt payments are prioritized in the government's expenditure program and are not discussed during the budget authorization process in Congress.

"For 40 years, the automatic appropriations law on debt servicing or AAL has not only undermined the 'power of the purse' but has also facilitated payments for what can be considered as illegitimate debts. If there's anything that President Duterte should train his guns on, it's the 40-year old AAL and questionable public debts that only served the interests of a few oligarchs," Gamboa added.

FDC has started an online petition on Change.org for the repeal of the automatic appropriations law and audit of all public debts. FDC intends to submit the petition to President Duterte and the Congress.

Concern over foreign debt servicing flagged

ACTIVIST GROUP Freedom from Debt Coalition (FDC) has expressed concern over a proposal to allocate P6.13 billion of next year's national budget for servicing foreign loans it described as "fraudulent and wasteful or useless."

The group said it identified 13 "questionable" loans intended for construction of farm-to-market roads, flood control, irrigation, power sector reforms, and elementary education, among others. Fundings, it claimed, came from the Asian Development Bank, Japan International Cooperation Agency and the World Bank.

"For all of the hoopla about having a 'Budget for Real Change,' billions of public funds remain to be captured and wasted on questionable loans incurred since the time of the late dictator [Ferdinand E.] Marcos. FDC has initially identified 13 questionable loans, but more are likely to be uncovered if Congress initiates an official comprehensive audit of all public debts," FDC Secretary-General Samuel Cesar Gamboa said in a statement.

The FDC said "illegitimate debts" pertain to loan-funded programs "that violated principles of human rights and sustainable human development, justice and fairness, accountability and responsibility, sovereignty of peoples and nations, and democracy."

The House of Representatives is reviewing the proposed P3.35-trillion national budget for 2017, which is 11.6% bigger than the current year's P3-trillion budget.

The FDC said the government has put expenditures for debt servicing at P891.35 billion. Of the amount, the FDC said, P739.54 million will be earmarked for interest payments and P5.39 billion for principal amortization of the said 13 loans.

Mr. Gamboa said a 1977 law, which gives automatic appropriations for servicing of principal and interest of public debts without Congressional review, should be repealed.

"For 40 years, the automatic appropriations law on debt servicing or AAL has not only undermined the 'power of the purse' but has also facilitated payments for what can be considered as illegitimate debts," Mr. Gamboa said. — RFJ

* *Business World*. Posted on September 06, 2016:

<http://www.bworldonline.com/content.php?section=Economy&title=concern-over-foreign-debt-servicing-flagged&id=133010>

FDC's Statement on the Return of Pork Barrel in the 2017 Budget

1 September 2016

NOT ANOTHER TRAPO BUDGET FOR 2017

MANILA, Philippines – While recognizing the need to ensure that the national budget prioritizes social development particularly the people's welfare, the Freedom from Debt Coalition (FDC) yesterday criticized the Duterte administration for using this as a convenient excuse to justify the P80-million allocation for pet projects of each legislator.

"The proposed 2017 national budget, with its provision for lawmakers to identify projects for budgetary funding, reeks of traditional or 'trapo' politics that perpetuate patronage relations between public officials and their constituents," FDC Vice-President James Matthew Miraflor said.

Miraflor pointed out that the Supreme Court decision on the Priority Development Assistance Fund (PDAF) and the distinct and separate roles of the Executive and Legislative branches in the budget process are clear and should not be undermined by mere technicalities.

"The Duterte administration must stop in its attempt to further weaken the integrity of the budget process just to ensure the loyalty of its allies in Congress and maintain the 'supermajority' through political favors involving public funds," Miraflor added.

Earlier, Budget Secretary Benjamin Diokno defended before the Senate the P80-million allocation for each solon saying that part of the job of the legislators is to "bring home some bacon" and that they would not be involved in the post-enactment implementation of the national budget.

"Instead of trying to go around Constitutional restrictions, members of the Development Budget Coordinating Council and backers of this repackaged PDAF should look into improving the budget formulation process. There must be something wrong with the government's priorities and allocations if they still have to set aside a substantial portion of the budget and leave this to the discretion of members of Congress, otherwise, it's pure and simple accommodation to the whims and caprices of the trapos in our midst," Miraflor said.

Budget scheme reeks of pork, says watchdog

A budgeting scheme that allowed each lawmaker to identify pet projects worth up to P80 million in the proposed P3.35-trillion national budget for 2017 "reeked" of traditional politics, an economic watchdog said on Thursday.

Freedom from Debt Coalition (FDC) said the government priority toward social development and the people's welfare should be no excuse for the budgeting mechanism that resembled a "repackaged" pork barrel system.

"The proposed 2017 national budget, with its provision for lawmakers to identify projects for budgetary funding, reeks of traditional or 'trapo' politics that perpetuate patronage relations

between public officials and their constituents,” FDC vice president James Matthew Miraflor said.

In a statement, Miraflor said the legislature must not undermine by mere technicalities the Supreme Court decision striking down the Priority Development Assistance Fund (PDAF), which previously allowed senators and congressmen to control discretionary funds after the enactment of the budget law.

He said members of Congress should also be aware of the distinct and separate roles of the executive and legislative branches of government.

“The Duterte administration must stop in its attempt to further weaken the integrity of the budget process just to ensure the loyalty of its allies in Congress and maintain the ‘supermajority’ through political favors involving public funds,” Miraflor said.

FDC criticized Budget Secretary Benjamin Diokno for defending the P80-million allocation for each legislator and for claiming it was different from pork barrel as it did not involve any post-enactment intervention.

The group was not convinced by Diokno’s explanation.

“Instead of trying to go around constitutional restrictions, members of the Development Budget Coordinating Council and backers of this repackaged PDAF should look into improving the budget formulation process,” it said.

“There must be something wrong with the government’s priorities and allocations if they still have to set aside a substantial portion of the budget and leave this to the discretion of members of Congress,” Miraflor said.

“Otherwise, it’s pure and simple accommodation to the whims and caprices of the trapos in our midst,” he said.

Sen. Panfilo Lacson also slammed the budget mechanism that allowed House members to propose their respective projects worth P80 million.

Per Lacson’s estimate, up to P24 billion has been made available for lawmakers’ projects.

He said it did not matter whether the projects were proposed pre- or post-enactment. “What’s important here is that the legislator should not meddle with the function of the executive,” he said.

DJ Yap

@deejayapINQ

* *Philippine Daily Inquirer*. 10:08 AM September 3rd, 2016:

<http://newsinfo.inquirer.net/812405/budget-scheme-reeks-of-pork-says-watchdog>
