

**THE DEVELOPMENT BANK OF THE PHILIPPINES (DBP)  
AND THE FINANCIAL CRISIS:  
A DESCRIPTIVE ANALYSIS**

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the poor quality of its loan portfolio and its inability to obtain additional funds either from domestic or foreign sources in view of the present crisis. An analysis of the financial status of DBP is indeed important. It is a government-owned development corporation heavily dependent on public funds. A study of Tan (1964) is very much related to this. But while her study examines the role of DBP in relation to the selective credit control policy of government, this study analyzes the financial status of DBP in relation to the current financial crisis.

Section I briefly reviews the objectives of establishing DBP. The sources and uses of DBP's funds are discussed in Section II. The last section concludes the study.

I. Objectives of Establishing the DBP

The objectives of establishing DBP are outlined in Chapter I, Section 1 of its charter which states:

"To provide credit facilities for the rehabilitation and development and expansion of agriculture and industry, the reconstruction of property damaged by war and the broadening and diversification of the national economy, and to promote the establishment of private development banks in provinces and cities, there is hereby created a body corporate to be known as the Development Bank of the Philippines, ..."

Two observations can be gleaned from this statement. First, the mandate given DBP is very broad. Second, it is reflective of the efforts of the authorities to use supply-leading financial institutions to hasten the development process in the country. In an underdeveloped economy, making the supply-leading financial institutions viable is indeed a real problem. But this problem can be circumvented if these are "government financial institutions, using government capital and perhaps receiving direct government subsidies" (Patrick, 1965). The creation of government financial institutions, like DBP, is, of course, premised on the belief that there are externalities and indivisibilities in the capital market that cannot be exploited by capital-starved, short-term-oriented private financial institutions (see Tan, 1984). But it is difficult if not impossible to identify projects with externalities considering the prohibitive costs incurred in obtaining information. Unfortunately, DBP does not engage itself in conducting rigorous studies to identify projects with externalities. Although feasibility studies are made on certain projects before loan approval, the risks involved are oftentimes not properly taken into consideration. A case in point is the MMIC project which failed due partly to inadequate assessment of the exchange risk involved. This problem will be compounded further if DBP is made to support projects at the behest of the government. Indeed, this has been the case for several big projects supported by DBP. Unfortunately, the government usually does not look very closely

at the viability of a certain project. Oftentimes, political considerations weigh more heavily in determining which projects to initiate. Indeed, the present failure of big projects supported by DBP at the behest of government has added more problems than provided solutions to existing underdevelopment problems. This has unquestionably undermined the very objectives of establishing the DBP.

## II. Financial Status of DBP

The analysis of the financial status of DBP covers the period 1980-83. This is the particular period when DBP's financial difficulties became more evident.

DBP's resources were growing at an average rate of 25.8 percent annually during the period under study, higher than the 20.0 percent average annual growth rate for the entire banking system for the same period. As of December 1983, DBP's total resources reached ₱54.9B, which were about 18 percent of the total resources of the banking system. Thus, DBP's presence in the banking system is indeed significant. It is one of the biggest financial institutions in the country, second only to PNB. But its phenomenal growth as will be shown below only masks the real problems it confronts.

#### A. Sources of Funds

DBP's authorized capital is ₱5B which is fully subscribed by the government. As of December 1983, its shareholder's equity amounted to ₱5.4B.

As Tan (1983) has pointed out, DBP does very little intermediation. This is understandable since it is DBP's policy to shy away from competing with private financial institutions in raising deposits. Recently, it competed with PNB in attracting deposits from government agencies and corporations. Although quite successful in this endeavor, DBP's deposit base is still considerably small compared with an ordinary private bank due to the resource constraints facing government agencies and corporations. Between 1960 and 1982, time and savings deposits comprised only about one-fifth of its total liabilities (see Table 1). Interestingly, their share markedly dropped from 18.4 percent in 1982 to 9.9 percent of total liabilities in 1983. This was due mainly to the huge withdrawals made by the National Government, which apparently changed its policy -- using its deposits rather than to borrowing more so as not to increase further its huge external and domestic debts. However, of the total amount withdrawn, ₱2B was placed back by the government in the form of non-interest bearing fixed deposits with a term of 25 years. This was recorded as Special-Funds-National Government which is not part of total

Table 1

## TOTAL LIABILITIES, DBP

Liability Items	1983	1982	1981	1980
TOTAL LIABILITIES (PE)	47.5	38.7	30.2	23.0
Short-term Borrowings				
Foreign (%)	4.4	6.7	6.6	3.5
Domestic (%)	2.3	1.6	0.6	1.3
Long-term Borrowings, Net of Current Maturities				
Foreign (%)	39.8	29.7	25.2	27.4
Domestic (%)	29.9	31.0	33.1	35.6
Time and Savings Deposits (%)	9.9	18.4	21.8	20.0
Others (%)	13.7	12.6	12.7	12.2

SOURCES : DBP Annual Reports, 1980-83.

liabilities nor of equity. This was a smart move on the part of government since it avoided increasing equity contribution to government corporations which had already gone out of proportion in the previous years. This was a welcome move for DBP since it effectively reduced its total liabilities without necessarily affecting its total resources. Also, it did not have to pay interest on such deposits.

Aside from deposits, DBP also issued its Countryside Bills to raise more funds. But proceeds from this debt instrument were very limited. As of December 1983, Countryside Bills outstanding amounted to P4.2B, which was only 8.9 percent of its total liabilities.

Since its deposits and proceeds from securities were very limited to sustain its ambitious lending operations, DBP turned into borrowings. It relied more on long-term borrowings and less on short-term borrowings. The former comprised about three-fifths of its total liabilities during the period under study. Government guarantees of DBP's borrowings and multilateral loans coursed through DBP made the reliance on long-term loans possible. It is worthwhile to note that over the years, there was a shift in securing long-term funds from domestic to the foreign sources. The increasing emphasis on foreign borrowings surely contributed to the growing external debt problem of the country. As of

December 1983, DBP's outstanding short- and long-term borrowings comprised 6.6 percent of total foreign exchange liabilities of the Philippines, 24.5 percent of the Banking Sector's outstanding external debts, and 9.1 percent of the Non-Banking Sector's outstanding external debts. Its outstanding long-term borrowings alone were 16.2 percent of total outstanding fixed-term debts of the country.

Important insights can also be gathered if we look at the contribution of various institutions to DBP's resources. Table 2 presents the institutional sources of DBP's borrowings including deposits. As a group, ADB, the World Bank and other private creditors were the largest contributors to DBP's total borrowings.<sup>1/</sup> The Central Bank and the National Government and other agencies were also significant contributors to DBP's resources. Interestingly, the share of the National Government and other agencies consistently declined over the period 1980-83. But this was more than offset by the Central Bank's contributions which consistently increased during the same period. Note that the phenomenal rise in the Central Bank's contributions in 1983 coincided with the sharp decline in net lending by the National Government to DBP (see Table 3). Thus, although

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<sup>1/</sup> Since DBP does not compete with the private financial institutions in raising domestic funds, the "other private creditors" referred to above must have been composed mainly of foreign private creditors. Note that DBP is authorized to incur obligations with or without government guarantee.



Table 2

SOURCES OF BORROWINGS, BY INSTITUTION, DBP\*  
(In Percent)

Institutional Source	1983	1982	1981	1980
Central Bank	33.0	26.0	21.0	18.0
National Government and other Agencies	21.0	23.0	28.0	29.0
Social Security System (SSS)**	10.0	10.0	12.0	14.0
Asian Development Bank (ADB), World Bank and Private Creditors	36.0	41.0	39.0	39.0
T O T A L	100.0	100.0	100.0	100.0

\*Includes deposits.

\*\*SSS is required by law to invest 25 percent of its investible funds in DBP bonds.

SOURCES : DBP Annual Reports, 1980-83.

Table 3

NATIONAL GOVERNMENT'S NET LENDING TO DBP  
(In ₪M)

	1984	1983	1982	1981
Loan Outlay	*	16.48	82.55	-
Advances for Securing Guaranteed Loans	*	477.43	650.56	342.64
Repayment of Advances	*	466.95	91.94	63.38
Net Lending	6,256.69	26.88	641.11	259.26

\*Breakdown are not available.

SOURCE : Ministry of the Budget.

DBP was adversely affected by the efforts of the government to trim down its budget deficits, it had benefited from the expansionary policy adopted by the Central Bank.<sup>2/</sup> However, a reversal in the trend is expected in 1984 since net lending provided by the National Government to DBP already reached ₱6.25B, compared to only ₱26.88M in the previous year, and considering also that the Central Bank rediscount window has been closed in view of the financial crisis. Indeed, the ability of DBP to switch sources of funds once one source dries up makes it a very special financial institution.

To recapitulate, DBP's resources were considerably large and growing at a rate faster than that of an average financial institution. Since it did very little intermediation, DBP had to rely more on budgetary support, Central Bank support and foreign borrowings. These were mainly responsible for the rapid growth of DBP's resources. Since a restriction on foreign and Central Bank borrowings is currently imposed in view of the financial crisis, budgetary support is expected to become a major source of funds for DBP in the next few years. But then this would

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<sup>2/</sup> Although actual total net lending by the National Government was 33 percent higher than the programmed amount in 1983, the increase went down to 7.94 percent compared to an average increase of 168.56 percent during the preceding period 1977-82 (see Section IV of the study: "A Review and Appraisal of the Government Response to the 1983-84 BOP Crisis," PIDS [forthcoming]).

put more pressure on government budget deficits which the government is also trying to reduce, unless it can substantially cut expenditures in other areas. It seems therefore that DBP would have a very limited set of choices for raising more funds. One possible alternative is to allow DBP to issue more securities, but this might be unacceptable because it would just aggravate the crowding out problem currently felt by the market with the presence of high yielding Central bank bills and treasury bills. Another possible choice is to let DBP raise funds internally by improving loan collections and selling unprofitable assets. But even this alternative is not very promising. This issue is dealt with in the next section.

#### B. Uses of Funds

Table 4 presents the assets of DBP. Loans outstanding comprised a little over one-half of its total assets, while investments, about one-fifth. The shares of these two asset items were relatively constant during the period 1980-83. Although acquired assets constituted a relatively small proportion of total assets, the rise in their share was conspicuous in 1982 when DBP engaged itself most extensively in foreclosing bad accounts.

A shift in the composition of the loan portfolio of DBP is noticeable. Outstanding industrial loans jumped to ₱21B in 1983 from ₱12B in the previous year, whereas outstanding

Table 4

## ASSETS, DBP

	1983	1982	1981	1980
TOTAL ASSETS (\$B)	54.9	44.0	34.7	27.1
Investments (%)	20.4	22.9	22.8	21.1
Loans (%)	56.3	52.0	53.3	53.7
Acquired Assets (%)	6.1	6.1	2.9	3.6
Other Resources (%)	17.2	19.0	21.0	21.6

SOURCES : DEP Annual Reports, 1980-83.

agricultural loans slightly declined to ₱3B from ₱3.2B (see Table 5). Also, the average amount of loans approved by DBP for the agricultural sector slightly decreased to ₱0.041M in 1983 from ₱0.047M in 1982, while that for the industrial sector markedly increased to ₱6.6M in 1983 from ₱2M in 1982. The perceptible shift in the composition of DBP's loan portfolio occurred at the time when a lot of big industrial firms, some of which were financially supported by DBP, were facing acute economic difficulties. It seems highly probable, therefore, that a great proportion of the additional industrial loans went to financially-strapped firms at the expense of the agricultural sector. Although DBP is given the mandate to extend loans for the rehabilitation of ailing firms, such mandate could have been used more selectively rather than automatically whenever firms show some signs of financial difficulties.

An examination of the composition of DBP's investment portfolio can further help in understanding its direction. DBP is given the powers to invest in marketable securities and provide equity funds to private development banks and key industrial firms. Investments in marketable securities comprised 45 percent of total investments in 1980 (see Table 6).<sup>3/</sup> But over the years, their share had been

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<sup>3/</sup> Marketable securities are composed of treasury capital bonds, treasury bonds, CBCIs and other government securities.

Table 5

LOAN PORTFOLIO, DBP  
(In ₱M)

	1983	1982	1981	1980
Agricultural Loans	2,963.2	3,145.8	3,083.2	2,766.9
Industrial Loans	21,010.0	12,008.1	10,438.8	7,768.2
Advances on Guaranteed Loans	1,472.7	1,674.4	425.1	204.7
Real Estate Loans	4,413.4	4,541.3	3,896.2	3,246.7
Government Loans	303.7	365.6	313.1	306.6
Advances - Private Development Banks	473.5	443.9	349.0	252.8
Other Loans	523.2	864.6	68.3	59.7
Less: Reserve for Possible Losses	240.0	168.2	57.2	58.7
Net Loans	30,919.7	22,875.4	18,516.5	14,546.8

SOURCES : DBP Annual Reports, 1980-83.

Table 6

## INVESTMENTS, DBP

	1983	1982	1981	1980
Investments in Marketable Securities (PM)	2,012.80 (17.9)	2,168.99 (21.5)	2,415.04 (30.5)	2,573.52 (45.0)
Equity Investments (PM)	9,212.66 (82.1)	7,923.70 (78.5)	5,496.77 (69.5)	3,140.85 (55.0)
Private Corporations*	87.9	83.4	76.9	82.6
Commercial Banks*	6.8	10.7	15.2	4.5
Government Owned/ Controlled Corporations*	4.0	4.6	6.4	10.9
Private Development Banks*	1.3	1.3	1.5	2.0
T O T A L (PM)	11,225.46	10,092.70	7,911.81	5,714.37

\*Percent of total equity investments.

SOURCES : DBP Annual Reports, 1980-83.



consistently declining. In 1983, investments in marketable securities constituted only 17.9 percent of total investments. In contrast, the share of equity investments has been consistently increasing from 55 percent of total investments in 1980 to 87.9 percent in 1983. This development raises the question of whether DBP provided more equity funds to new promising firms or to ailing firms. A look at the partial list of companies with DBP equity shown in Annex A seems to indicate that a significant proportion of the increase in equity investments went to ailing companies. For some firms, like commercial banks, not previously financially supported by DBP, new equity funds were infused. But for other firms, like hotels and mining, previously availing of DBP loan facility, maturing loans were converted into equity in order to obtain additional loans from DBP. It should be noted that it was DBP in the first place, who encouraged these seemingly viable firms with externalities by providing cheap capital. Thus, by extending more financial help to these firms, DBP hopes to recoup some of its losses. But so far, all indications point otherwise.

Equity investments that went to private corporations had been increasing at the expense of commercial banks, government owned/controlled corporations and private development banks. Interestingly, the share of commercial banks in DBP's total equity investments was quite

significant, even greater than that of private development banks. In Annex A, seven private commercial banks are shown to have DBP equity. Since the explicit mandate of DBP is "to promote the establishment of private development banks," its equity investments in commercial banks must have been designed to ease the financial difficulties encountered by these banks.

Equity contributions by DBP to commercial banks were in large lots (see Table 7). In 1983, two commercial banks received equity contributions of ₱267M, whereas four private development banks and ten rural banks received only ₱12.9M and ₱5.6M, respectively.<sup>4/</sup> What is worth noting is that after DBP provided additional capital to ailing commercial banks, it turned to the Central Bank for rediscounting. As DBP'S equity exposures to ailing commercial banks got larger, its outstanding advances from the Central Bank for commercial banks capitalization also grew bigger as may be gathered from the following figures: 1983 - ₱1.6B; 1982 - ₱0.9B; 1981 - ₱0.7B; and 1980 - ₱0.2B.<sup>5/</sup> So, in the final analysis, it was the Central Bank which helped financially strapped commercial banks, using DBP as a conduit. Indeed,

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<sup>4/</sup> It is to be noted that aside from equity investments, private development banks and rural banks also receive advances from DBP. Approved advances in 1983 amounted to ₱158M.

<sup>5/</sup> The figure for 1983 includes regular rediscounting which unfortunately cannot be separated from rediscounting for commercial banks capitalization.

Table 7

EQUITY INVESTMENTS APPROVED, DBP  
(Amount = ₱M)

	1983		1982		1981		1980	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Banking								
Rural Banks	10	5.6	12	11.4	24	8.6	46	10.9
Private Development Banks	4	12.9	3	16.6	11	32.8	10	20.1
Commercial Banks	2	267.0	2	153.8	4	570.0	1	18.3
Industrial/Real Estate Firms	60	649.6	114	2,649.4	40	2,120.3	30	1,121.8

NOTE : In addition to equity investments, DBP also provided the following advances to private development and rural banks: 1983 - ₱158.0M; 1982 - ₱226.2M; 1981 - ₱184.3M; 1980 - ₱151.1M.

SOURCES : DBP Annual Reports, 1980-83.

this has far reaching implications on the workings of the financial system. First, inefficient commercial banks facing financial difficulties are rewarded by obtaining equity contributions from DEP. This form of subsidy compares well with directly obtaining emergency loans from the Central Bank, which sometimes charges the market rate of interest.<sup>6/</sup> Moreover, equity investments do not have maturity while loans from the Central Bank have. Clearly, the inefficient banks helped by DBP were able to escape from paying the onerous penalty. Second, DEP's participation in rehabilitating ailing commercial banks undermines the current policy of the Central Bank to consolidate banks through mergers. Inefficient banks are not anymore motivated to merge with more efficient banks since they already got support from DBP at a much lower cost. To the extent that the Central Bank allows advances to DBP for commercial banks capitalization, it too is an accomplice in undermining its very own policy. Actually, DBP had the opportunity of helping the Central Bank pursue its policy had it used its exposures to the seven ailing commercial banks as a lever to pull them together to forge a merger. Finally, DEP's access to the Central Bank's rediscounting facility at liberal discount rates exerts more pressure on

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<sup>6/</sup> DEP pays the Central Bank only 4 to 9.5 percent annually for advances from Central Bank for commercial banks capitalization.

money supply.<sup>7/</sup> This problem could have been accentuated when the funds borrowed from the Central Bank were used to support inefficient commercial banks. In view of DBP's preoccupation with other major loan accounts, the task of rehabilitating commercial banks could perhaps be done better by the Central Bank. After all, it is the lender of last resort. Allowing DBP to rehabilitate ailing banks is desirable only if it uses its own excess funds so that no new money will be created by the Central Bank.

Another aspect of DEP's operation is that of providing guarantees to companies which otherwise cannot obtain loans either from the domestic or foreign market. As of December 1983, total outstanding loan guarantees (both foreign currency and peso dominated) amounted to ₱15B, 94.3 percent of which were foreign currency denominated (see Table 8). Since private firms given guarantees could not repay their maturing obligations, DEP had to bear the burden of paying these obligations. Thus, in 1982 when a lot of firms failed to pay their maturing obligations, advances on guaranteed loans jumped four-fold to ₱1.7B and remained high at ₱1.5B in 1983 (see Table 5). This inevitably added more pressure on the country's external debts since almost all of the guaranteed loans were foreign currency denominated.

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<sup>7/</sup> This issue is related to the one discussed in Section IV of the study: "A Review and Appraisal of the Government Response to the 1983-84 Balance-of-Payments Crisis," PIDS (forthcoming).

Table 8

## GUARANTEES OUTSTANDING, DBP

	1983	1982	1981	1980
TOTAL (P/M)	15,970	8,045	5,210	3,605
Foreign Guarantees (US\$M)	1,076	847	629	467
Domestic Guarantees (P/M)	904	275	56	55

NOTE : Exchange rate used are: 1983 - P14.002 to \$1.00; 1982 - P9.171 to \$1.00; 1981 - P8.20 to \$1.00; and 1980 - P7.60 to \$1.00.

SOURCES : DBP Annual Reports, 1980-83.

As DBP was dragged deeper into the thicket of non-viable and inefficient firms, it too encountered its own financial difficulties. Its loans and guarantee repayments were slow and hard to come by. In fact, they were getting worse over the years. In 1980, the ratio of loan and guarantee repayments to the total loans outstanding already stood at a low level of 16.64 percent. It went down further to 12.45 percent in 1981, then 11.15 percent in 1982, and finally to only 6.67 percent in 1983. Clearly, DBP was hardly able to generate funds internally due to the bad quality of its loan portfolio. Perhaps, the availability of budgetary support, Central Bank support and foreign borrowings made DBP less serious in generating funds internally. With the cap on Central Bank and foreign borrowings, and with the desire of the government to curb its budget deficits, DBP eventually must learn how to generate funds internally rather than depend on external sources. Since loan and guarantee repayments come in trickles, perhaps they can be used to finance small and medium scale projects with shorter gestation period so that greater turnover of limited funds can be assured. This, of course, requires a radical shift in DBP's lending policy.

### III. Concluding Remarks

The study: "A Review and Appraisal of Government Response to the 1983-84 BCP Crisis" (forthcoming) reviews the performance of the economy for the past few years. It is observed that the savings-investment gap and budget deficits have been increasing. DBP's contribution to these problems is quite discernible, as it did very little intermediation and instead, relied heavily on external borrowings, Central Bank support and budgetary support. Although, DBP's giving of equity contribution and granting of loans and loan guarantees at very generous rates to certain firms believed to have some externalities had contributed to the acceleration of investment in the country, this did not necessarily contribute positively to the development process. Experience shows that a significant number of DBP-supported firms run into financial trouble.

The attendant economic crisis which in a way DBP helped create has adversely affected DBP in four ways. First, it gives DBP more difficulty in raising funds internally. Its loans and guarantee repayments are at their lowest levels because their clients are facing acute economic problems. Moreover acquired assets cannot be disposed of as fast as DBP wants to because of the general slowdown of the economy. But even without the present economic crisis, there were already strong indications that the quality of DBP's loan portfolio would deteriorate considering the kinds of project it supported even before the



onset of the crisis. Second, DBP's access to the external sources of funds is greatly impaired because of the current restriction on foreign borrowings. Third, Central Bank's support cannot be expected anymore since the growth of reserve money is curbed. And finally, budgetary support will be difficult to obtain in the future since government aims to drastically reduce the budget deficit, unless it gives top priority to DBP.

The question now is: Where would DBP go from here? There are at least three alternatives from which DBP can choose. First, it can adopt a wait-and-see attitude until the economic conditions turn better. Perhaps, a certain program that does not necessarily require a restructuring of its policy of lending and raising funds can be implemented while the economy is still in bad shape. The rehabilitation plan of DBP effected last January 1984 which stipulates that the "funding responsibilities corresponding to the non-performing accounts, as well as accounts which DBP funded at the behest of Government and its agencies, will be assumed by the National Government, ..." is in line with this posture. This, of course, is premised on the belief that the crisis caused DBP's financial difficulties. But as pointed out earlier, the present economic crisis merely exposes DBP's weaknesses. Hence, a return to normal economic condition will not guarantee an automatic improvement of DBP's financial status unless the weaknesses are first corrected.

The second alternative is perhaps more compelling. It suggests going directly to the heart of DBP's weaknesses. As discussed above, its weaknesses lie in the poor quality of its loan portfolio and the manner by which it sources funds. It is, therefore, necessary to look into the criteria used by DBP in approving loans to find out possible areas of improvement. For a successful lending program, adequate information is necessary so as to distinguish viable projects with externalities. This in a way will deter government from pressuring DBP to support favored projects of doubtful viability. Moreover, DBP's mandate to rehabilitate ailing firms, especially if it requires additional budgetary and Central Bank support should be exercised more selectively rather than automatically whenever certain firms show some signs of financial difficulties. The ultimate aim is for DBP to improve the quality of its loan portfolio that would assure it of a continuous inflow of funds generated internally. Vigorous efforts must be exerted to sell acquired assets. Acquired assets must be sold to the private sector, not to another government corporation, like NDC, and the sale must be generated hard cash for DBP, not long-term promissory note. DBP's sale of Interbank to NDC with the latter issuing long-term promissory note as payment is certainly not in line with this view. Instead, it defeats the purpose of selling acquired assets to raise funds. Moreover, it does not free the government of unwanted assets. With regard to borrowings, the use of budgetary support may be minimized so as not to compromise its operation

with the wishes of the party in power. In addition, raising funds through savings mobilization rather than through Central Bank and foreign borrowings should be considered seriously. All these, of course, require a radical restructuring of DBP's policy of lending and raising funds.

The third alternative is that of closing DBP. This possibility deserves a serious look. It has been noted that DBP's reason for existence is made unclear with the absence of adequate information about viable projects with externalities. Moreover, the financial difficulty which it is experiencing now and the predicament of several big, DBP-supported firms are indications that it has not been successful in carrying out its objectives despite massive Central Bank and government support. Indeed, its failure has a profound effect on the entire economy. By granting guarantees and loans at very generous rates to a lot of big non-viable firms, and by extending financial help to a number of inefficient firms, DBP has created more market distortions instead of correcting existing ones.

The last alternative must, however, be examined more carefully. The problem of phasing out DBP may be more complex than what it appears to be. Also, its effects on the different sectors of the economy, especially the financial system, need to be quantified. Perhaps, future research study can deal with this issue more extensively.

Annex A

PARTIAL LIST OF COMPANIES WITH DBP EQUITY

Firms	Exposure	
	Amount (₱M)	% of Total Equity
<b>A. <u>Financial Institutions</u></b>		
1. Associated Bank	212.0	30.0
2. International Corporate Bank	*	80.0
3. Merchants Investment Corp.	40.0	35.0
4. PCIB	*	30.0
5. Pilipinas Bank	280.0	6.0
6. PISO Development Bank	50.0	*
7. Producers Bank	10.0	7.6
8. Republic Planters Bank	36.0	3.2
9. Traders Royal Bank	*	*
10. Urban Development Bank	*	*
<b>B. <u>Hostelry</u></b>		
11. Hotel Mirador	*	40.0
12. Manila Mandarin Hotel, Inc.	*	49.9
13. Manila Peninsula Hotel	163.5	68.4
14. Marenaw Hotels and Resort Corp.	113.8	54.2
15. Philippine Hoteliers, Inc.	126.0	67.8
16. Resort Hotels Corp.	*	54.0
17. Silahis International Hotel, Inc.	101.0	42.0
18. Manila Mandarin Hotel	56.0	*
19. Century Park Sheraton	180.0	*

Firms	Exposure	
	Amount (P/M)	% of Total Equity
<u>C. Textile Manufacturing</u>		
20. Alfa Integrated Textile Mills	241.0	100.0
21. Continental Manufacturing Corp.	109.0	100.0
22. Lakeview Industrial Corp.	*	95.47
23. Redson Textile and Manufacturing Corp.	*	100.0
24. Solid Mills, Inc.	66.0	100.0
25. Synthetic Textile Manufacturing Corp.	*	100.0
26. Lirag Textile Mills	213.0	100.0
27. Riverside Mills Corp.	213.0	*
28. Textfiber Corp.	200.0	*
<u>D. Paper and Pulp Manufacturing</u>		
29. Isarog Pulp and Paper Co.	*	100.0
30. Paper Industries Corporation of the Philippines	388.0	16.83
31. Paragon Paper Industries, Inc.	400.0	100.0
<u>E. Mining</u>		
32. Batong Buhay Mining Corp.	*	24.8
33. Marinduque Mining and Industrial Corp.	1,098.0	19.08
34. Sabena Mining Corp.	*	17.0
35. Western Minolco	*	*
<u>F. Cement</u>		
36. Mindanao Cement Corp.		100.0

Firms	Exposure	
	Amount (P/M)	% of Total Equity
37. Pacific Cement Co., Inc.	*	32.2
<u>G. Others</u>		
38. COCP	744.94	13.0
39. DBP Management Co.	2.5	100.0
40. PLDT	*	22.0
41. Philippine Blooming Mills	1,100.0	*
42. DBP Data Center	1.25	100.0
43. Hotel Development Corp.	2.0	100.0

\*Data are not available.

SOURCE : R.G. Manasan, Public Enterprise in the Philippines in 1982: A Definitional and Taxonomical Exercise, PIDS Staff Paper Series No. 84-02.

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