

FOURTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )

SENATE  
PSR No. 179

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Introduced by Senator Loren Legarda

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**A RESOLUTION**

**DIRECTING THE SENATE COMMITTEE ON ECONOMIC AFFAIRS TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE IMPLEMENTATION OF REPUBLIC ACT NO. 8182, OTHERWISE KNOWN AS THE "OFFICIAL DEVELOPMENT ASSISTANCE ACT OF 1996", LOOKING INTO THE FISCAL IMPLICATIONS OF TIED-LOANS AND THE EXTENT TO WHICH ADMINISTRATION OF PAST AND PRESENT OFFICIAL DEVELOPMENT ASSISTANCE HAVE PROMOTED SUSTAINABLE SOCIAL AND ECONOMIC DEVELOPMENT AND WELFARE OF THE PHILIPPINES**

*Whereas*, Article VII, Section 20 of the 1987 Philippine Constitution provides that the President may contract or guarantee foreign loans on behalf of the Republic of the Philippines with the prior concurrence of the Monetary Board, and subject to such limitations as may be provided by law;

*Whereas*, Official Development Assistance (ODA) are reckoned under Republic Act (R.A.) No. 8182 as loans contracted with governments of foreign countries with whom the Philippines has diplomatic, trade relations or bilateral agreements or which are members of the United Nations, their agencies and international or multilateral lending institutions;

*Whereas*, Section 2 (a) of R.A. No. 8182 provides that ODA must be administered with the objective of promoting sustainable social and economic development and welfare of the Philippines;

*Whereas*, Section 4 of R.A. No. 8182 provides that the proceeds of ODA shall be used to achieve equitable growth and development in all provinces through priority development projects for the improvement of economic and social service facilities taking into account such factors as land area, population, scarcity of resources, low literacy rate, infancy mortality and poverty incidence in the area;

*Whereas*, Section 6 of R.A. No. 8182 provides that the President, upon the recommendation of the National Economic Development Authority (NEDA), shall develop and formulate the mechanism for the equitable distribution and utilization of ODA funds to all provinces;

*Whereas*, R.A. No. 8182 further provides that the NEDA shall ensure that the ODA obtained shall be for previously identified national priority projects which are

urgent or necessary and that ODA shall not be accepted or utilized solely because of its availability, convenience or accessibility;

*Whereas*, the Investment Coordination Committee (ICC) was established under Executive Order No. 230 as an inter-agency committee engaged in rationalizing national public investments and expenditures;

*Whereas*, the ICC-Technical Board establishes and recommends desirability of the proposed projects vis-à-vis national government priorities and other considerations;

*Whereas*, the scope of the ICC includes the review all public sector projects with total project cost of P500 million and above, with foreign borrowings of at least US\$10 million and/or those under the build-operate-transfer (BOT) and its variant schemes;

*Whereas*, ODA commitment from year calendar years (CY) 2001 to 2006 have been steadily decreasing and that the top creditors of Philippine ODA has consistently been the Government of Japan/Japan Bank for International Cooperation, the Asian Development Bank and the World Bank;

*Whereas*, from CY 2000-2006, more than 50% of ODA was channeled to the infrastructure sector, 18% to the agriculture, natural resources and agrarian reform sector, 13% to social reform and community development sector, and 11% to industry, trade and services sector;

*Whereas*, the distribution of ODA by recipient region indicates an emerging trend, from CY 2000 to 2006, whereby Luzon gets the highest share, followed by Visayas and lastly by Mindanao;

*Whereas*, the distribution of multi-regional and national ODA loans by recipient provinces are not reported by implementing agencies to the NEDA making it difficult to determine whether ODA proceeds have been distributed equitably as provided by R.A. No. 8182;

*Whereas*, there are 141 active loans as of December 31, 2006 consisting of 135 project loans and six program loans with a total amount of US\$9.5 billion and for the same year, ODA loan cancellations amounted to US\$222.34 million due to problems and bottlenecks in implementation;

*Whereas*, there is a need to look into the impact of tie-up provisions requiring the purchase of certain supplies and equipment from donor countries of ODA on the level of grants in favor of the Philippines;

*Whereas*, recent Senate investigation on the national broadband project has raised serious issues on the process of review and evaluation of the necessity and relevance of proposed projects for ODA;

*Whereas*, ODA can provide the much needed resources for spurring economic growth and social development if utilized for properly identified projects in developmentally challenged areas in the country;

*Whereas*, it is incumbent upon Congress, as part of its oversight functions, to review the performance of ODA, its impact on national growth and development, and the compliance to and weaknesses in existing policy framework governing the

planning, acquisition, authorization, utilization, monitoring and evaluation of ODA in the country;

*NOW THEREFOR BE IT RESOLVED, AS IT IS HEREBY RESOLVED*, to direct the Senate Committee on Economic Affairs to conduct an inquiry, in aid of legislation, on the implementation of Republic Act No. 8182, otherwise known as the "Official Development Assistance Act of 1996", looking into the fiscal implications of tied-loans and the extent to which administration of past and present Official Development Assistance have promoted sustainable social and economic development and welfare of the Philippines.

Adopted,



**LOREN LEGARDA**

Senator