

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

SENATE
P.S.R. No. 293

RECEIVED BY _____

Introduced by Senator Miriam Defensor Santiago

RESOLUTION
DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY,
IN AID OF LEGISLATION, ON THE ALLEGED IMPACT OF THE WORSENING
CORRUPTION IN THE PHILIPPINES ON ITS ELIGIBILITY
FOR UNITED STATES ECONOMIC ASSISTANCE

WHEREAS, the Millennium Challenge Corporation (MCC) is a United States Government corporation designed to work with some of the poorest countries in the world. Established in January 2004, MCC is based on the principle that aid is most effective when it reinforces good governance, economic freedom and investments in people;

WHEREAS, before a country can become eligible to receive assistance, MCC looks at their performance on independent and transparent policy indicators; MCC selects eligible countries for Compact Assistance;

WHEREAS, countries that have demonstrated significant improvement in policy indicators but do not yet qualify for a Compact grant may be eligible for Threshold Program assistance. Threshold programs are smaller grants designed to help improve performance on specific indicators;

WHEREAS, led by a Chief Executive Officer and overseen by a Board of Directors, MCC is responsible for the stewardship of the Millennium Challenge Account (MCA), which receives funds appropriated by Congress every year;

WHEREAS, MCC has reportedly asked the Philippine government to explain a "dramatic drop" in its efforts to combat corruption to make it eligible for US economic assistance;

WHEREAS, on 30 January 2008, CEO John Danilovich at a press conference in Washington allegedly said that serious declines with regard to corruption and some other matters were noted at the last MCC assessment of the Philippine performance on whether it was meeting its goal of compact eligibility;

WHEREAS, MMC supposedly wanted to understand more clearly the reasons behind the dramatic drop and the circumstances caused that to happen; so they can have some clarity as to whether or not this precipitous drop is going to continue or if there was some indicator irregularity or if there are further strong reforms which the Philippine government needs to take in this regard to make sure that at the next period of assessment this summer, the indicator shows an upward trend;

WHEREAS, Mr. Danilovich said that Finance Secretary Margarito B. Teves and senior Philippine officials are flying to Washington next week to meet with an MCC team

to discuss further continuation of the program; the meeting was scheduled for 5 February 2008;

WHEREAS, in 2005, the Philippines was among six additional countries selected by the US Agency for International Development (USAID) and the MCC Threshold Funding Program to benefit from its funding to fight poverty and promote economic growth; threshold countries are countries that do not qualify for MCA, but have demonstrated a commitment to meeting the eligibility requirements for MCA assistance in the future;

WHEREAS, the Philippines is currently categorized as a “threshold country” under the MCC and has been given a grant of \$21 million to improve revenue collection and fight corruption. Upon meeting its goals, it will become compact eligible for millions of dollars in MCC economic assistance;

WHEREAS, finance officials have previously asked the MCC Board to elevate the Philippines to compact status from the threshold status which is entitled to more grants;

WHEREAS, the Philippines’ grade in the area of “control of corruption” – one of 17 categories the MCC is looking at – fell from 76 percent in 2007 to only 57 percent at the start of 2008; the drop is so worrisome to the MCC that it is setting aside the Philippine’s elevation from “threshold” to “compact” status;

WHEREFORE, be it hereby resolved by the Philippine Senate, to direct the proper Senate committee to conduct an inquiry, in aid of legislation, on the alleged impact of the worsening corruption in the Philippines on its eligibility for United States economic assistance.

Adopted,


MIRIAM DEFENSOR SANTIAGO

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