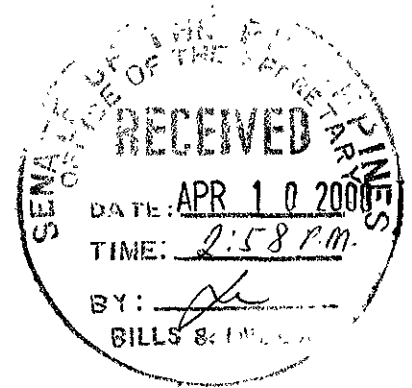


FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE
P.S. Res. No. 344

Introduced by Senator Loren Legarda

RESOLUTION

DIRECTING THE SENATE COMMITTEE ON ECONOMIC AFFAIRS TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE ESTIMATION AND FINANCING OF THE RESETTLEMENT COST OF THE NORTHRAIL PROJECT, LOOKING INTO THE PROCESSES OF CONTRACTING OFFICIAL DEVELOPMENT ASSISTANCE (ODA), WITH THE END IN VIEW OF DETERMINING MEASURES THAT WILL COMPLEMENT THE OBJECTIVES OF REPUBLIC ACT NO. 8182, OTHERWISE KNOWN AS THE OFFICIAL DEVELOPMENT ASSISTANCE ACT OF 1996

Whereas, Section 20, Article VII of the 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. The Monetary Board shall, within thirty days from the end of every quarter of the calendar year, submit to the Congress a complete report of its decision on applications for loans to be contracted or guaranteed by the Government or government-owned and controlled corporations which would have the effect of increasing the foreign debt, and containing other matters as may be provided by law;

Whereas, Section 21, Article XII states that foreign loans may only be incurred in accordance with law and the regulation of the monetary authority and that information on foreign loans obtained or guaranteed by the Government shall be made available to the public;

Whereas, official development assistance (ODA) is classified as a loan or loan and grant that meets the criteria enumerated under section 2 of Republic Act No. 9182, otherwise known as the Official Development Assistance Act of 1996;

Whereas, the last paragraph of Section 2 of the same law states that the expressed approval of Congress shall be obtained by the Executive Department prior to the negotiation and implementation of projects funded from ODA on or after 1 January 1995 as well as those that have not been finalized;

Whereas, in 20 August 2003, a Memorandum of Understanding was signed between the Department of Finance (DOF) and the Export-Import Bank of China for the utilization of \$400 million for the construction of the first phase of the Northrail project;

Whereas, the total cost of the project amounts to \$503 million where \$421 million will be funded by the Eximbank of China and the remaining \$82 million shall serve as Government of the Philippines (GOP) counterpart;

Whereas, the said project has been the subject of inquiry by the Senate Committee on Urban Planning, Housing and Resettlement and the Senate Committee of the Whole during the 13th Congress to look into the allegations of, among others, overpricing of project cost and the propriety and constitutionality of the contracts pertaining thereto;

Whereas, the Committee on Urban Planning, Housing and Resettlement report on the said inquiry revealed that an amount of P6.6 Billion necessary for the relocation and resettlement of affected families living along the railway was not incorporated into the \$503 million project cost;

Whereas, the funding requirement of the Northrail resettlement program estimated at P6.635 billion and supposedly sourced from GOP counterpart was allegedly "hidden deliberately" and was not consulted with the implementing government agency, which is the National Housing Authority;

Whereas, a memorandum dated 01 March 2006 from the NEDA that was transmitted to the Ambassador of the People's Republic of China cited an amount of \$5 billion intended for the housing needs of the Northrail and Southrail relocation from the total of \$32 billion investments in equity/soft loans as part of the Framework of Cooperation between China and the Philippines;

Whereas, there is a need to determine how the \$5 billion was arrived at and why there is another funding apart from the P6.635 billion estimated for the Northrail resettlement program;

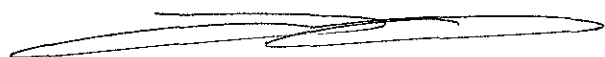
Whereas, there is a necessity to look into the processes of acquiring and contracting ODA amidst worries that they have become supply-driven, thus the tying-up of preconditions from the funding agencies that result in irregularities, cost-overruns and even bad or failure of implementation of projects;

Whereas, it is incumbent upon Congress to look into the alleged abuse and overpricing that will in turn translate to additional burden to the Filipino people with increased indebtedness to foreign countries;

Whereas, the surrounding issues of the Northrail project, particularly the process in contracting ODA, necessitate an investigation to determine the loopholes in R.A. 9182 and other ODA-related laws in order to prevent the same issues from recurring;

NOW THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED, that the Senate of the Philippines direct the Senate Committee on Economic Affairs to conduct an inquiry, in aid of legislation, on the estimation and financing of the resettlement cost of the Northrail project, looking into the processes of contracting Official Development Assistance (ODA), with the end in view of determining measures that will complement the objectives of Republic Act No. 9182, otherwise known as the Official Development Assistance Act of 1996.

Adopted,



LOREN LEGARDA

Senator