



SENATE
P. S. Res No. 27

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Introduced by Senator Maria Lourdes Nancy S. Binay

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RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEES TO REVIEW, IN AID OF LEGISLATION, THE OFFICIAL DEVELOPMENT ASSISTANCE PROGRAM FOR THE PURPOSE OF REDUCING COMMITMENT FEES TO FOREIGN LENDERS AS WELL AS DELAYS AND NON-IMPLEMENTATION OF PROJECTS

1 WHEREAS, Article II, Section 28 of the 1987 Philippine Constitution provides,
2 the State adopts and implements a policy of full public disclosure of all its
3 transactions involving public interest;

4 WHEREAS, the Official Development Assistance (ODA) as defined in Republic
5 Act (R.A.) No. 8182, otherwise known as the Official Development Assistance Act of
6 1996, is a loan or a grant administered with the objective of promoting sustainable
7 social and economic development and welfare of the Philippines;

8 WHEREAS, the ODA must also be contracted with the government of foreign
9 countries with whom the Philippines has diplomatic, trade relations, or bilateral
10 agreements, or which are members of the United Nations, their agencies, and
11 international or multilateral lending institutions;

12 WHEREAS, Section 3 of R.A. No. 8182 excludes the ODA from the total
13 amount of loans, credits, and indebtedness, excluding interests, which the President
14 is authorized to incur, which shall not exceed Ten Billion US Dollars
15 (\$10,000,000,000.00) or its equivalent in other foreign currencies at the exchange
16 rate prevailing at the time the loans, credits, or indebtedness are incurred and terms
17 of payment of not less than ten (10) years except those contracted in the interest of
18 national security and rehabilitation resulting from natural calamities;

19 WHEREAS, an article from GMA News Online, dated on July 18, 2019,
20 reported on the payment of P278 Million for commitment penalties to foreign lenders
21 due to delays and non-implementation of projects funded through the ODA;

22 WHEREAS, according to the Commission on Audit (COA) Annual Audit Report
23 on the ODA for 2018, the delays in the implementation of projects were triggered by
24 the following:

- 25 • Inefficient procurement process;
- 26 • Contractor's inability to undertake the project;
- 27 • Lack of management readiness;
- 28 • Delayed approval of the loan agreement for additional financing;
- 29 • Late releases of government counterpart funds;
- 30 • Poor project planning, supervision, and monitoring;
- 31 • Suspended works; and
- 32 • Unreasonable work plan;

33 WHEREAS, the COA, in their report, recommends concerned agencies to:

- 34 • Carry out strategies for pre-implementation activities even before the
35 loan takes effect;
- 36 • Exert best effort to comply with loan conditions; and
- 37 • Undertake the procurement process/procedures as prescribed to
38 ensure that contractors/supplies awarded the contracts have the
39 technical and financial capacity to undertake projects/sub-projects and
40 that contract terms are the most advantageous/reasonable for the
41 project, and in accordance with the procurement timeliness;

42 WHEREAS, according to COA records, the government has entered in to 472
43 ODA loan agreements broken down to 395 project loans and 77 program loans
44 which accumulated a gross loan commitments amounting to P2.42 trillion as of
45 December 2018;

46 WHEREAS, it is necessary to review the Official Development Assistance
47 Program for the purpose of sparing the government from additional and unnecessary
48 loans, credits, and indebtedness to foreign countries;

49 WHEREAS, projects funded by the ODA must also be reviewed in order to
50 ensure their efficient and effective completion and implementation;

51 BE IT RESOLVED, AS IT IS HEREBY RESOLVED, to direct the proper Senate
52 Committees to review, in aid of legislation, the Official Development Assistance
53 Program for the purpose of reducing commitment fees to foreign lenders as well as
54 delays and non-implementation of projects.

Adopted,


MARIA LOURDES NANCY S. BINAY
Senator