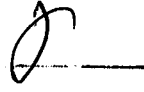


SEVENTEENTH CONGRESS OF THE]
REPUBLIC OF THE PHILIPPINES]
Second Regular Session]



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SENATE

P. S. Res. No. 759

Introduced by SEN. WIN GATCHALIAN

A RESOLUTION

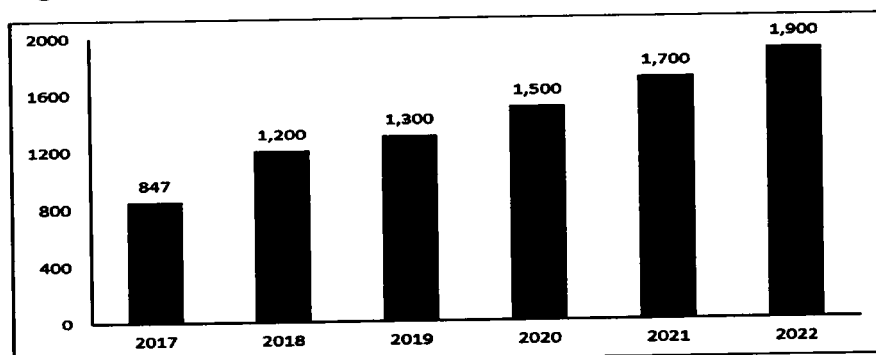
DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE STATUS, SUSTAINABILITY AND RISKS OF PROJECTS UNDER THE "BUILD, BUILD, BUILD" PROGRAM AND THE MODES OF FINANCING ENTERED OR TO BE ENTERED INTO BY THE GOVERNMENT TO FUND THE SAME

WHEREAS, the National Economic and Development Authority (NEDA) adopted an expansionary fiscal strategy and pushed for a significant increase in public infrastructure spending from 5.4 % of the Gross Domestic Product in 2017 to about 7.3% of GDP by 2022 to propel economic growth in the country, with the "Build, Build, Build" program in the forefront of social economic development;

WHEREAS, on June 27, 2017, the NEDA Board identified 75 high impact infrastructure flagship projects under the "Build, Build, Build" program that are aimed to bring provinces and regions in the mainstream economy by improving infrastructure development in these areas, boosting economic activity, generating employment and, ultimately, lifting Filipinos living in the rural areas from poverty;

WHEREAS, with the approval of 75 high impact infrastructure flagship projects, the “Build, Build, Build” program is expected to spur infrastructure spending from 2017 to 2022 to about PhP 8 to 9 trillion as shown below at an average yearly infrastructure spending of PhP 1.4 trillion:

Figure 1. Duterte Administration Infrastructure Program (PhP Billions)



Source: *Build.gov.ph*

WHEREAS, an inquiry into the status, sustainability and risks of these projects is necessary for judicious, prudent and sound economic planning and for the proper guidance and information of the Senate in the appropriation of public funds;

WHEREAS, such inquiry must take into account the modes of financing entered or to be entered into by the National Government, considering that bulk of the forty (40) approved infrastructure projects¹ will be funded through official development assistance valued at Php1.0 trillion, as shown below:

Table 1. GAA and ODA Projects Listed in the Build! Build! Build! Website (PhP Billions)

Project	GAA	ODA	PPP	TBD	Total
Airports	6.6	125.7	30.1		162.4
Communication and Information				0.98	0.98
Flood Control	8.3	7.5			15.8
Mass Transit		53.2	7.2	44.0	104.4
New Cities				149.8	149.8
Railways	34.3	776.8	66.4	57.6	935.1
Roads and Bridges	118.9	43.6	112.9		275.4
Seaports	5.7		1.6		7.3
Total	173.8	1,006.8	218.2	252.4	1,651.2

Source: *Build.gov.ph*

¹ <http://www.build.gov.ph> website as of March 20, 2018

WHEREAS, as of December 31, 2017, the total outstanding debt of the National Government reached PhP 6,652.4 billion, and in the 2018 General Appropriations Act, PhP 329.052 billion was allotted for debt servicing alone;

WHEREAS, concerns have been raised that the borrowing plan of the Duterte administration for its “Build, Build, Build” Program could lead to unsustainable debt levels due to onerous terms of the loans, such as exorbitant interest rates imposed by China at 2% to 3%, or China’s non-traditional loan scheme of holding natural resources as collateral for loans,² which can further burden the average Filipino who will ultimately be responsible to pay for the country’s debt;

WHEREAS, there is a need to closely monitor the debt obligations and other modes of financing incurred, adopted, or to be incurred or adopted by the Duterte administration for its Build! Build! Build! Program to ensure transparency, accountability and prudent use of the loans and other modes of financing entered or to be entered by the government, compliance with Article VII, Section 20 and Article XII, Section 21 of the Constitution, and conformity with the *Principles on Promoting Responsible Sovereign Lending and Borrowing* by the United Nations Conference on Trade and Development (UNCTAD);

WHEREAS, it is incumbent upon the Senate, in the exercise of its power of the purse, to ensure that the public funds diverted from health, education and social services financing are properly appropriated and used for debt services payment;

² <http://www.businessinsider.com/chinas-debt-trap-diplomacy-hits-philippines-with-exorbitant-loans-2018-3>

NOW THEREFORE, BE IT RESOLVED BY THE SENATE OF THE PHILIPPINES to direct the Committee on Economic Affairs to conduct an inquiry, in aid of legislation, into the status, sustainability and risks of the projects under the “Build, Build, Build” program and the modes of financing entered or to be entered into by the government to fund the same.

Adopted,



WIN GATCHALIAN