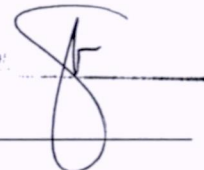


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SENATE

P.S. Res. No. 221

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Introduced by SEN. WIN GATCHALIAN

RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE STATUS AND CHALLENGES OF PROJECTS UNDER THE "BUILD, BUILD, BUILD" PROGRAM AND THEIR MODES OF FINANCING WITH THE AIM OF ENSURING TRANSPARENCY AND ACCOUNTABILITY OVER ITS IMPLEMENTATION, ADDRESSING ISSUES AND CHALLENGES THAT HAMPER ITS PROGRESS, AND DETERMINING THE NEED TO LEGISLATE AN INFRASTRUCTURE MASTERPLAN POLICY

1 **WHEREAS**, Article XII, Section 1 of the 1987 Constitution recognizes
2 the equitable distribution of opportunities, income and wealth; sustained
3 increase in the amount of goods and services produced by the nation for the
4 benefit of the people; and expanding productivity as the key to raising the
5 quality of life for all, especially the underprivileged, as the goals of the national
6 economy;

7 **WHEREAS**, Executive Order No. 5, series of 2016, embodies the
8 adoption of AmBisyon Natin 2040 as a long-term vision of the Philippines with
9 the aim of transforming the country into a middle-class society free from
10 poverty by 2040 and reducing poverty incidence from 21.6% in 2015 to 14%
11 by 2022;

12 **WHEREAS**, the Philippine Development Plan 2017-2022 laid down the
13 government's commitment to increase public infrastructure spending to at
14 least 5% of Gross Domestic Product annually to support manufacturing
15 resurgence and drive industry growth in the medium term;

1 **WHEREAS**, the current administration has set its sights in undertaking
 2 a massive infrastructure buildup under the “Build, Build, Build” Program, by
 3 investing on public infrastructure, which was expected to spur infrastructure
 4 spending to about PhP 8.4 Trillion spread over a period of six years;

5 **WHEREAS**, the National Economic and Development Authority (NEDA)
 6 Board approved the adoption of 75 high impact infrastructure flagship
 7 projects under the “Build, Build, Build” Program that are aimed to bring
 8 provinces and regions in the mainstream economy by increasing their
 9 connectivity thru public infrastructure development, thereby reducing actual
 10 and opportunity cost of transportation, increasing productive capacity of the
 11 economy, generating local employment and, ultimately, lifting Filipinos living
 12 in the rural areas from poverty;

13 **WHEREAS**, public infrastructure spending has been increasing from
 14 PhP 493 Billion in 2016 to PhP 886.2 Billion in 2018 as shown below:

	2016		2017		2018	
	Actual ¹	Budget ²	Actual ¹	Budget ²	Actual ¹	Budget ²
Infrastructure Spending (PhP)	493 Billion	766.5 Billion	568 Billion	847.2 Billion	886.2 Billion	1,064 Billion
GDP (at current prices, PhP)³	14,480,348,802,831		15,807,595,679,172		17,426,201,969,034	
Infrastructure-to-GDP Ratio (%)	3.4%	5.3%	3.6%	5.4%	5.1%	6.1%

Sources: ¹ National Government Disbursement Performance (DBM)

² People’s Budget (DBM)

³ Philippine Statistics Authority (PSA)

15 **WHEREAS**, the “Build, Build, Build” Program has helped sustain the
 16 growth of the country’s GDP from 6.7% in 2017 to 6.2% in 2018 with
 17 government consumption growing more than double from 6.2% in 2017 to
 18 13.1% in 2018.¹ However, government consumption in the first half of 2019
 19 has slowed down at 7.1%² due to the delay in the enactment of the 2019

¹ Table 3B, Annual National Accounts (at Current and Constant 2000 Prices, as of April 4, 2019), <http://www.psa.gov.ph/nap-press-release/data-series>

² Table 1B, Quarterly National Accounts (Q1 1998 – Q2 2019, as of August 8, 2019), <http://www.psa.gov.ph/nap-press-release/data-series>

1 national budget and the election ban on construction activities, thereby
2 contributing to a lower GDP growth rate of 5.6% in the first half of 2019;³

3 **WHEREAS**, given the fiscal and economic realities, the implementation
4 delays, the bureaucratic bottlenecks, and the impaired absorptive capacity of
5 government agencies, the swift implementation of these projects may be
6 impeded, and may result to unplanned additional costs to the government in
7 the form of commitment fees in the case of Official Development Assistance
8 (ODA) – funded projects, which can further burden the average Filipino
9 taxpayer who will ultimately be responsible to pay for the country’s debt;

10 **WHEREAS**, earlier this year, the government’s flagship infrastructure
11 program has been hounded by several issues, including the delays in project
12 implementation, the onerous terms of the loans secured from China, as well
13 as concerns on increased reliance on ODA loans with China;

14 **WHEREAS**, a survey of the “Build, Build, Build” website shows that
15 67% of the total cost for 60 projects under the program are funded solely by
16 sovereign-guaranteed ODA totaling to PhP 991.27 Billion,⁴ while data from
17 the NEDA indicates that 59 of the 75 identified flagship projects are ODA-
18 funded⁵, and 19 of which will be sourced from China as of January 31, 2019;

19 **WHEREAS**, these 19 Chinese ODA loans constitute 25% of the total
20 cost of the 75 flagship projects estimated at PhP 515 Billion;

21 **WHEREAS**, Chinese ODA tends to lean towards export promotion
22 rather than welfare and economic growth, and prescribes no less than 50% of
23 total procurement for such loans to be done in China or performed by Chinese
24 companies employing Chinese workers;⁶

25 **WHEREAS**, increased reliance on ODA loans and government-
26 guaranteed undertakings may put a strain on government fiscal resources
27 and impair its ability to respond to fiscal and economic shocks;

³ <https://www.bworldonline.com/q2-gdp-growth-slowest-in-over-4-years-as-delayed-budget-bites/>

⁴ <http://build.gov.ph/Home/Projects>, as of August 16, 2019

⁵ As of January 31, 2019

⁶ <http://www.fsi.gov.ph/bridging-the-infrastructure-investment-gap-through-foreign-aid-a-briefer-on-chinese-oda/>, citing Hubbard (2007).

1 **WHEREAS**, Chinese ODA loans deprive the ordinary Filipino workers
2 of the opportunity to work and partake in the benefits of the loan the Filipino
3 taxpayers will be paying for;


4 **WHEREAS**, given its cost to the taxpayers and the end-users, and its
5 impact on government operations and social services, there is a need to
6 continuously inquire into the status, issues and challenges of the projects
7 under the “Build, Build, Build” Program for judicious, prudent and sound
8 economic planning and for the proper guidance and information of the Senate
9 in the appropriation of public funds and the close monitoring of the debt
10 obligations and other modes of financing incurred, adopted, or to be incurred
11 or adopted by this administration for the said program, to ensure
12 transparency, accountability and prudent use of the loans and other modes
13 of financing entered or to be entered into by the government;

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

18 **WHEREAS**, considering the effect of government consumption to the
19 growth of the country’s GDP, there should be a determination of the necessity
20 to legislate an infrastructure masterplan policy to sustain public
21 infrastructure spending and drive industry growth;

22 **NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY**
23 **RESOLVED BY THE SENATE OF THE PHILIPPINES**, to direct the proper
24 Committee to conduct an inquiry, in aid of legislation, into the status and
25 challenges of the projects under the “Build, Build, Build” Program and their
26 modes of financing with the aim of ensuring transparency and accountability
27 over its implementation, addressing issues and challenges that hamper its
28 progress, and determining the need to legislate an infrastructure masterplan
29 policy.

30 Adopted,


WIN GATCHALIAN