

Press Release  
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## **ROXAS: REVIEW USE OF ODA, EVALUATION OF PROJECTS HIGH FOREIGN RESERVES HURTING OFWs, EXPORTERS**

With recent moves by the government to review the foreign borrowing policy in light of complaints from exporters and overseas Filipino workers over a strong peso, Senator Mar Roxas said the government should also look into the use of Official Development Assistance and other foreign grants for big-ticket projects.

He pointed out that the all-time high gross international reserves (GIR) this year (\$31 billion as of end- September) has contributed to a very strong peso (P44.06 per dollar as of October 18), that in turn has resulted in less buying power for OFWs and reduced profits for exporters.

"I support the move of Bangko Sentral and the Department of Finance to review the borrowing mix and increase the portion borrowed from the domestic market, to mitigate the strength of the peso," Roxas said.

The senator stressed that government's priorities must be clear before it accepts or enters into foreign loans otherwise the taxpayers would be paying for a long-term loan that does not address people's needs.

"The NBN broadband deal is a prime example of how government entered into a loan agreement for a project that is clearly overpriced and unnecessary at this time," Roxas said, adding that huge foreign loans add to the burden of OFWs and exporters because these exert more pressure on an already strong peso.

The Senate trade committee chair said the government must fine-tune its prioritization and decision-making process and embark on consultations with key sectors and constituents before obtaining foreign loans, no matter how concessional the terms are.

As an example, Roxas cited the \$2 billion worth of deals that were signed in Boao, China last April, which include the controversial \$329-million deal with ZTE Corp. for a National Broadband network and the \$460-million Cyber Education Project. Both projects have been questioned for their relevance and propriety.

"Are these projects really on our list of most urgent priorities, or did we pursue these just because the foreign funding was available for us?" he asked

During a consultative meeting Roxas had last Monday with procurement experts, former Budget Secretary Emilia Boncodin pointed out that while the situation has improved from the near-fiscal crisis situation years back, the government has retained its "fiscal crisis" mode or mindset.

"At that time, if you recall, we were under a fiscal crisis. So it was important to us that there should be not much hindrance in securing borrowed funds to finance government projects

"It was easy to conceive at that time that we need to encourage foreign funding□ Now, are we still encouraging foreign funding?" she said.

In particular, she noted that gross income reserves have already peaked to a high of \$31 billion at present, while \$12-billion was already a peak at the time when she was Budget Secretary.

Former Socioeconomic Planning Secretary Felipe Medalla agreed with this observation, and also pointed out that supposed savings from ODA□especially if the project did not go through bidding and is overpriced□could be a "Trojan horse."

"There are two dangers. You bought something that you don't really like, which is number 300 in your priority. The other one is, it's in your priority but you ended up paying more because of the lack of bidding," he said.

Roxas stressed that big-ticket projects such as the NBN deal are best managed and financed by the private sector, through a bidding process.

"Our policy remains, that government projects should go through public bidding. We are looking for ways to close existing loopholes that evade this key process. We always get into trouble when we go outside of bidding." he said.

**Senate Bill No. 1794**

OFFICIAL DEVELOPMENT ASSISTANCE ACT

Filed on October 23, 2007 by [Roxas, Mar](#)

AN ACT IMPOSING SAFEGUARDS IN CONTRACTING LOANS CLASSIFIED AS OFFICIAL DEVELOPMENT ASSISTANCE, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8182, AS AMENDED BY REPUBLIC ACT NO. 8555, OTHERWISE KNOWN AS THE OFFICIAL DEVELOPMENT ASSISTANCE ACT OF 1996, AND FOR OTHER PURPOSES