

GMA seeks standardized ODA requirements

By PAOLO ROMERO

President Arroyo urged foreign creditors yesterday to come up with standards on official development assistance (ODA) requirements for the Philippines in the wake of controversies involving some major foreign-funded projects in the country.

"We ask our creditor community to work with us on standardizing ODA loan conditionalities," Mrs. Arroyo said in her speech at the Philippine Development Forum at the Fontana Convention Center in Clark Freeport, Pampanga.

At the same time, Mrs. Arroyo also assured international financial institutions that ODA-funded projects will be focused on education, environment and the economy or what she called the "three E's."

"Our use of official devel-

opment assistance will necessarily be guided by the three E's of our priority thrusts, as well as our need to adjust foreign exchange flows to avoid excessive upward pressure on the peso," she said.

The President made the

Turn to Page 8

statements in the wake of controversies surrounding the government's national broadband network (NBN) contract with China's ZTE Corp.

The \$329-million telecoms deal was supposed to get funding from the Chinese government which would be implemented by ZTE.

But Mrs. Arroyo was forced to scrap the NBN project after her husband Jose Miguel Arroyo and former elections chief Benjamin Abalos were alleged to have received massive kickbacks for facilitating the deal with ZTE.

The controversy also triggered the opposition to call for the President to resign.

The Senate also warned that other ODA-funded projects will be scrutinized on allegations of kickbacks.

In November last year, the World Bank also reportedly suspended a \$232-million rural road project following reports of possible irregularities in the first phase of the project.

Cabinet officials, however, blamed the suspension to differing ODA conditionalities by foreign creditors where one institution might deem irregular a procedure that is aboveboard to another.

"We will likewise apply the targeted spending of ODA. For health related projects, foreign borrowings shall focus on upgrading primary hospitals to secondary, half-priced medicine and health insurance," Mrs. Arroyo said.

"I have recommended to particular ODA lenders that loans for environmental protection be assigned to reforestation," she said.

The President said the government will prioritize early childhood education, grade school classrooms, vocational education, high school and college scholarships, teacher training in English, and graduate courses in science, technology and engineering.

She also vowed her administration would continue its efforts to further improve the banking and finance system, strengthen tax collection and broaden its tax base, and reduce, if not eliminate, corruption and red tape in the bureaucracy.

Mrs. Arroyo acknowledged the issue of corruption hounding her administration must be immediately addressed in order to have a truly strong economy.

She told the foreign donors that her administration is taking the issue of corruption very seriously and has initiated several measures to address this.

"As an economist, I know that first and foremost, a strong economy is an economy that is transparent and free from corruption," Mrs. Arroyo said.

The President took the opportunity to thank the foreign donors and creditors for their commitment in helping the country achieve its economic goals.

"We are bullish on our economy. We're optimis-

tic about our future. We're committed to being a force for good for our nation. And you indeed, our international creditor and donor community, are a great contribution to that force for good for our nation," she said.

Mrs. Arroyo said the current political noise being generated by her critics and the opposition would not interfere with the economic development of the country.

She said the passage of the 2008 national budget has indicated the legislative branch, particularly the Senate, in spite of its differences with the administration, can work with the executive branch "to get things done for the nation."

"Political noise need not interfere with economic progress and reform. This budget helps make that point. The people are tired of partisan wrangling and want all of us to do our job, which is to work for the interest of the people, keeping the nation strong and stable and always moving forward," Mrs. Arroyo said.

She also cited the need for a government-civil society partnership in combating smuggling, corruption and tax evasion, focusing on the Bureau of Customs (BOC) and the Bureau of Internal Revenue (BIR).

Mrs. Arroyo said she has ordered the creation of "watchdogs" at both revenue-collecting agencies patterned after the Procurement Transparency Group (PTG) to monitor collection efforts, gather lifestyle and corruption information on suspected employees.

With the involvement of civil society in the PTG, Mrs. Arroyo pointed out the group is currently monitoring 40 priority projects.

Mrs. Arroyo, however, urged Congress to do its part in helping the executive branch fight corruption by passing a comprehensive anti-corruption reform act in 2008.

"On our part, we will hold officials accountable if they are found to be corrupt after due process. Let the chips fall where they may as investigations are concluded and friend and foe alike are brought to account for their actions in the proper courts," Mrs. Arroyo said.

"While we have accomplished much, more remains to be done. We plan to work hard the next two years until the day our term ends in 2010 to fulfill our Philippine reform agenda," she added.

Mrs. Arroyo also said the government will continue to provide relief for "the poorest among us who suffer the most" from the soaring prices of energy and food supplies.

"We need a strong middle class to become a strong modern nation," she said.

The President also underscored her administration's thrusts towards "economic reforms while providing peace, order and stability."

- With Marvin Sy, Ding Cervantes