

Case	Why is it Illegitimate?														
<p>The Philippine Merchant Marine Academy Modernization Project</p>															
<p>Loan Information (using US1=P41)</p>															
<table border="1"> <tr> <td>Creditor</td> <td>Kreditanstalt fuer Wiederaufbau (KfW)</td> </tr> <tr> <td>Loan Amount</td> <td>US\$ 20,926,829.27 PhP 858,000,000.00</td> </tr> <tr> <td>Maturity Date</td> <td>June 30, 2042 December 30, 2014</td> </tr> <tr> <td colspan="2" style="text-align: center;">As of end-2007</td> </tr> <tr> <td>Amount Outstanding</td> <td>US\$ 15,054,430.00 PhP 617,231,630.00</td> </tr> <tr> <td>Total Principal Amortization</td> <td>US\$ 5,872,399.27 PhP 240,768,370.07</td> </tr> <tr> <td>Total Interest Payments</td> <td><to be computed></td> </tr> </table>	Creditor	Kreditanstalt fuer Wiederaufbau (KfW)	Loan Amount	US\$ 20,926,829.27 PhP 858,000,000.00	Maturity Date	June 30, 2042 December 30, 2014	As of end-2007		Amount Outstanding	US\$ 15,054,430.00 PhP 617,231,630.00	Total Principal Amortization	US\$ 5,872,399.27 PhP 240,768,370.07	Total Interest Payments	<to be computed>	<p><u>Ghost Deliveries to Cover Insurance</u> – Rheinmetall Defense Electronics (RDE), the contractor, resorted to ghost deliveries amounting to Euro 522,862.54, acknowledge by PMMA-PMO, in spite there being no actual deliveries, in order to secure a KfW mandatory Euro 520,000 insurance coverage for the project with Hermes Insurance</p> <p><u>PMMA-RDE collusion</u> – RDE’s warranty and performance bonds expired but the PMMA did not require RDE to renew the bonds.</p> <p><u>Unfinished and substandard port facility</u> – The PMMA training ship, “Juan Luna” cannot be berthed because the port facilities are far from completion and not in accordance with professional standards.</p> <p><u>Overpriced and defective ship</u> – The ship, virtually of scrap vintage, was bought for a price tag of P2 million and together with renovation expenses came up to a total cost of less than P10 million.</p> <p><u>Bloated budget</u> – The budget for the ship infrastructure package amounted to P54 million in contrast with the P 25 million total project cost (P 10 and 15 million for the ship the port respectively). Thus, the German contractor got away with P29 million or more than 100% in profits.</p> <p><u>Bribery and Attempted Murder</u> – There was a bribery attempt of Euro 228,000 or an equivalent of P15 million, offered by RDE to a KfW/PMMA project consultant, to silence him and to ensure a smooth project implementation. After the project consultant refused, he was critically wounded in a failed slay attempt.</p> <p><u>Creditor negligence</u> – No facts stating that KfW reprimanded RDE for contract violations.</p>
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<p>Description</p>															
<p>The PMMA Modernization project was approved by NEDA last September 2001. It called for the construction of a dome, replete with the state of the art Full Mission Ship Bridge and ship engine simulators, a computer infrastructure, a complete training ship, a patrol boat, lifeboats and davits, a quay and port facilities to berth the ship, a firehouse, emergency power upgrade to make the PMMA independent from local power suppliers, expensive 3-D drawings of virtually all category of ships, among others.</p>															



FREEDOM FROM DEBT COALITION

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