

| New Case   | Why is it Illegitimate?   |  |             |  |               |           |                    |                 |                      |   |  |
|--|---|--|-------------|--|---------------|-----------|--------------------|-----------------|----------------------|---|--|
| <h2 style="margin: 0;">The National Broadband Network (NBN) Project</h2>   | <p><u>Irrelevant, Unviable</u> – The project is not immediately needed as there are already existing inter-connectivity infrastructures in place (PLDT and TELCO); The government already owns two broadband networks—the Philippine Administrative Network Project (PANP) and the Philippine Research, Education and Government Information Network (PREGINET); No feasibility study for NBN Project was conducted by DOTC.</p>  |  |             |  |               |           |                    |                 |                      |   |  |
| <b>Loan Information (using US1=P41)</b>  | <p><u>Not transparent, Questionable Processes</u> – Originally conceived as a BOT project (NEDA Cabinet Group Mtg, 21 Nov.2006), but later became an Executive Agreement (RA 8140) with no bidding;</p>   |  |             |  |               |           |                    |                 |                      |   |  |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">Creditor</td> <td><b>Chinese Export-Import (EXIM) Bank</b></td> </tr> <tr> <td>Loan Amount</td> <td><b>US\$ 329,481,290.00<br/>PhP 13,508,732,890.00</b></td> </tr> <tr> <td>Interest Rate</td> <td><b>3%</b></td> </tr> <tr> <td>Years of Repayment</td> <td><b>20 years</b></td> </tr> <tr> <td>Specified Contractor</td> <td><b>Zhong Xing Telecommunication Equipment (ZTE) Company</b></td> </tr> </table>  | Creditor  | <b>Chinese Export-Import (EXIM) Bank</b> | Loan Amount | <b>US\$ 329,481,290.00<br/>PhP 13,508,732,890.00</b> | Interest Rate | <b>3%</b> | Years of Repayment | <b>20 years</b> | Specified Contractor | <b>Zhong Xing Telecommunication Equipment (ZTE) Company</b> | <p><u>Disadvantageous to the government</u> – The project ballooned from the original PhP 5.1 billion to PhP 19.3 billion. The government opted to proceed with the loan agreement despite the much cheaper BOT proposal. There is a take-or-pay Agreement between a buyer and seller in which the buyer will still pay some amount even if the product or service is not provided. There are also lost revenue from tax and other exemptions.</p> |
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| Specified Contractor   | <b>Zhong Xing Telecommunication Equipment (ZTE) Company</b>   |  |             |  |               |           |                    |                 |                      |   |  |
| <b>Description</b>   | <p><u>Violation of Philippine Laws</u> – 1) Government Procurement Law (RA 9184) and BOT Law: The law requires bidding for projects more than P2 million; unsolicited BOT projects requires Swiss challenge; 2) Graft and Corrupt Practices Act: Bribery involved: \$10 million for AHI to back out of the project, P200 million offered to NEDA Director General Romulo Neri, \$ 130 million “commission” to Abalos; 3) Omnibus Elections Code: The project was signed in April 2007, election period.</p> |  |             |  |               |           |                    |                 |                      |   |  |
| <p>A telecommunications infrastructure to deliver voice, data, and internet service to link all government offices and municipalities nationwide. It is attached to the \$ 465.5 million Cyber Education Project.</p> <p>Conceptualized as part of GMA’s SONA in 2006 (in line with its MTPDP) – “super region”/cyber corridor and mega infrastructure projects.</p> <p>However, serious accusations of fraud, and other anomalies forced Arroyo to suspend it “indefinitely” last September 22, 2007. Due to the public’s continued and strong outcry over the project, Mrs. Arroyo was forced to cancel the ZTE deal last October 2, 2007.</p> | <p><u>Onerous Debt Burden</u> – The project will yield a total of US\$ 527.2 million additional debt burden in waiting: \$329,481,290 (principal amount of the project) plus the \$ 9.88 million (annual interest payment for 20 years)</p>   |  |             |  |               |           |                    |                 |                      |   |  |



## FREEDOM FROM DEBT COALITION

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