

NOTES ON THE NBN-ZTE SCANDAL

Why are we not surprised?



■ By **PERCIVAL CENDAÑA**

YES, it was big, bold and brazen. But in the end there was nothing really surprising about the NBN-ZTE scandal because the Arroyo administration has raised the bar of corruption in the country to an almost numbing level. It is also not surprising if not a single soul is sent to purgatory because of involvement in this incredibly terrible deal.

On the political front however, the scandal has laid bare the cracks in the makeshift foundations of President Arroyo's continued reign. The foundations that were originally cemented by greed for both wealth and power are now weakening as courtiers and

family members of the president eagerly fight over the spoils. The botched National Broadband Project is in the six to seven billion-peso range. Simply put, this is a very big pool of corruptible money—so big an amount that loyalties can be breached.

The China syndrome

As China developed into an economic powerhouse, it has accumulated a veritably impressive foreign reserve pool. The Chinese government sits on one the largest (if not the largest) foreign exchange reserve of any single country in the world. This enormous amount is tentatively pegged at more than a trillion US dollars. This is where the corruptibility of projects paid for with Chinese government loans begin.

Because so much money is just sleeping in their coffers, China is very anxious to lend it out and make profit in the market. But the lending out of the Chinese government's money is not without strings attached.

First, it has onerous terms wherein the Chinese government chooses the contractors and insists on settlement of contract disputes in Chinese courts. Second, allowances for kickbacks and bribe money are seemingly incorporated into the contract cost.

No wonder, a project that should have cost \$130 million ballooned into a whooping \$329 million fiasco.

This particular scenario presents an environ that is very conducive to corruption. As



usual, Filipino politicians are more than willing to grab the "opportunity."

De Venecia connection

At first, the exposé of Joey de Venecia was quite surprising. A lot of people were wondering as to what prompted an important ally or cohort of the president to spill the beans. Scratching the surface would reveal that there is nothing really surprising about de Venecia's action (or reaction as some would put it). It was just a simple case of some crook whining because he was robbed of his loot. In this case, the whining actually meant that he was robbed "not once, but twice."

Speaker Jose de Venecia was the first agent or salesperson of the Chinese government in the country. He was responsible for



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The cast of characters in the NBN-ZTE scandals: Joey de Venecia, the First Gentleman Mike Arroyo, Jarius Bondoc, Benjamin Abalos.



deal. But it was said that he has been robbed of the project by no less than the First Gentleman. The second blow came when the \$329 million NBN project was awarded to ZTE Corp., cutting out the share of his son's Amsterdam Holdings Inc. This time, the deal was brokered by Malacañang's own agent, then-COMELEC Chair Benjamin Abalos.

As expected, the Speaker got very angry because he could not stand being robbed by Malacañang the second time around.

Speaker de Venecia did not take the "back off" warning of the First Gentleman lightly. He, in effect, asserted his right to the loot by waging a campaign against the NBN-ZTE project. He used his pawn in media, Jarius Bondoc, to lay bare the lopsided deal. And to heighten the drama, his son Joey entered the fray. The battle soon took a life of its own.

In the future, it would be interesting to know if Speaker de Venecia originally intended to implicate Malacañang or he was just using the exposé as leverage to get his "fair share" of the deal.

Rashomon

Rashomon is a cinematic gem helmed by acclaimed Japanese film director Akira Kurosawa. In the film, a crime



opening up the corruption floodgate in the country to China. The Chinese-funded Northrail Project was a de Venecia project in the beginning. He was the one who shepherded the approval of the



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was witnessed by four individuals and they recount the incident in four contradictory ways. The Senate investigation of the NBN-ZTE project was an interesting treat: it was Rashomon in real life. The public heard stories told Rashomon-fashion.

The Wack Wack Golf Club incident involving the First Gentleman and Joey de Venecia was very interesting because the young de Venecia and the First Gentleman have disparate accounts of what actually transpired in the fairways. The Speaker's son alleged that Mr. Arroyo told him to back off the deal while the first gentleman insists that no such warning was given.

Another interesting incident was the one with COMELEC Chair Benjamin Abalos and former NEDA Director Romulo Neri. Neri recalled that Abalos attempted to bribe him to get his endorsement for the project. Neri's account was vivid except that he cannot be certain of the exact amount, whether it was two hundred thousand or two hundred million. Abalos presented his own vivid recollection of the incident and said that no offer was made.

Even DOTC Secretary Leandro Mendoza's recollection of the process of the project's approval differed from the paper trail presented before the Senate panel.

What is most damning is when two persons who are supposed to be in the same camp do not agree on a crucial issue to the point of contradicting each other. This happened when Secretary Mendoza and DBM Secretary Rolando Andaya gave two different takes on the nature and legal framework of the NBN project.

A truth with multiple versions is only possible in movies like Rashomon. In real life when this truth has two or more versions, someone is clearly lying. The NBN-ZTE scandal has elevated lying in full view of the public, even under oath, to the level of a competitive sport.



Joey de Venecia faces the media.

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DOTC Secretary Mendoza

Executive privilege

The day before his testimony, Romulo Neri promised to drop a bomb so explosive that it could lead to another EDSA uprising. But when the question on the involvement of the President came, he invoked the mythical executive privilege, thus evading the question of the day. Some observers believe that Malacañang pressured and/or coerced Neri to follow the palace script.

In the case of the NBN-ZTE scandal, executive privilege has taken a new meaning. Now it

means the privilege of the "executive" to enter into anomalous deals with hefty kickbacks.

This brings us to the very core of the National Broadband Project—its relevance and usefulness. Experts including two economics professors from the University of the Philippines insist that there is no need for such a project because two broadband networks operated by private companies are already in place. Also, the Philippine government already owns the Philippine Administrative Network Project (PANP) and the Philippine Research, Education and Government Information Network (PREGINET).

The DOTC, the implementing agency, up to now cannot show a feasibility study that would merit the building of a national broadband network. What prompted the project could be the availability of credit from the Chinese government rather than need and relevance.

The NBN-ZTE project clearly has no apparent purpose other than further enriching the executive in Malacañang and her cronies.

No expectations

Had the NBN-ZTE project pushed through, it could have increased the already gargantuan national government debt by more than two percent. In twenty years, taxpayers would have shelled out a total of \$527 million to pay the interest and principal amortization of the NBN-ZTE loan.

Even with such an obscene amount, we cannot really exact accountability from those involved in this corruption scandal. It is expected that the officials responsible for this fiasco will go unpunished.

Even if the cracks in the Arroyo's inner chambers have been exposed because of the scandal, this would be easily repaired by a brand of cement called greed. This government has really mastered the art of payola. A few days after the deal was exposed, the palace was distributing money to governors and congressmen.

This is not at all surprising. Remember, we live in the era of Gloria Macapagal Arroyo. ■

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