



Are the Risks of the Safe Philippines Project Worth the Potential Benefits?

Prepared by:

Stratbase ADR Institute for
Strategic and International Studies,
The Philippines

2021





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Introduction

Rodrigo Duterte is known as a no-nonsense crime-buster with the moniker “The Punisher.” He was the mayor who put Davao City on the list of the world’s safest places.¹ During his incumbency as mayor, Davao City ranked ninth and, eventually, fifth on the list of the world’s safest cities released by Numbeo.² Therefore, it came as no surprise that he would win the presidency with a campaign heavy on anti-crime rhetoric.

However, his anti-crime program in Davao City was controversial. In 2009, Human Rights Watch published a report, “You Can Die Any Time,” about the death squad killings in Mindanao. While stopping short of accusing Duterte of the killings, the report stated “the words and actions of long-time Davao City Mayor Rodrigo Duterte indicate his support for targeted killings of criminal suspects.”³

Complementing his anti-crime program, in 2012, Davao City entered into an agreement with international computer hardware company IBM to provide surveillance technology for law enforcement in the city. The company characterized the project as necessary to “further enhance public safety

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- 1 “Davao ranks as 9th safest city in the world,” *Philippine Daily Inquirer*, May 9, 2015 <https://newsinfo.inquirer.net/690252/davao-city-ranks-as-9th-safest-in-the-world>
 - 2 Aries Joseph Hegina, “Davao improves to 5th in ranking of world’s safest cities,” *Philippine Daily Inquirer*, June 24, 2015 <https://globalnation.inquirer.net/125132/davao-city-improves-to-5th-in-ranking-of-worlds-safest-cities>
 - 3 Human Rights Watch, “You can die anytime’: Death squad killings in Mindanao,” 2009 https://www.hrw.org/sites/default/files/reports/philippines0409webwcover_0.pdf

operations in the city.”⁴ The company website mentions that the agreement was to upgrade the existing Public Safety and Security Command Center (PSSCC) using IBM’s Intelligent Operations Center (IOC) that would allow the city “to monitor events and operations in real-time.”⁵ The system that was put in place is described on IBM’s website as “integrated with advanced technologies such as video analytics software, multi-channel unified communication and Global Positioning System (GPS) location tracking” that can provide capabilities on video analytics to track and monitor events.⁶

Critics note that while IBM proclaims its respect for human rights based on international standards and various principles and declarations from the United Nations, it proceeded with this project notwithstanding the doubts cast on Duterte’s human rights record.⁷

According to surveys conducted by respected polling body Pulse Asia Research, fighting criminality and curbing the widespread sale and use of illegal drugs were voters’ top concerns during the 2016 elections.⁸ For his part, Duterte made a promise to stop crime (eventually changed to “suppress”) in three to six months. To this end, he made vague references to nationalizing Davao City’s comprehensive closed-circuit television (CCTV) system.

During his campaign, Duterte repeatedly stated that Davao City would be the model for his policies nationwide if he was elected president.⁹ It was, therefore, anticipated that a nationwide surveillance system similar to that of Davao City’s would be a centerpiece of his crime-fighting campaign. After he became president, the national government took an interest in adopting this surveillance technology with real-time facial recognition capability across the country.

Pursuant to this, the Department of Interior and Local Government (DILG) entered into a P20-billion (USD \$396.8 million) agreement with China International Telecommunication Construction Corporation (CITCC) to fund the installation of a network of security cameras, in what has been dubbed the “Safe Philippines” project.

Phase I of the project—signed during the state visit of China’s President Xi Jinping in November 2018—involved the initial installation of 12,000 closed-circuit television (CCTV) cameras in Metro Manila and Davao City within 30 months and the construction of a national command center with facial and vehicle recognition software in Clark, Pampanga. According to the briefer from CITCC, the project was expected “to reduce crime by at least 15 percent and improve response time by 24 percent.”¹⁰

4 IBM, “City of Davao and IBM collaborate to build a smarter city,” *PR Newswire*, June 27, 2012 <https://www.prnewswire.com/news-releases/city-of-davao-and-ibm-collaborate-to-build-a-smarter-city-160480725.html>

5 IBM, “City of Davao and IBM collaborate to Build a Smarter City,” *IBM Newsroom*, June 27, 2012 <https://newsroom.ibm.com/2012-06-27-City-of-Davao-and-IBM-Collaborate-to-Build-a-Smarter-City>

6 IBM, 2012

7 “IBM Human Rights Statement of Principles,” accessed December 2020 https://www.ibm.com/ibm/responsibility/ibm_humanrightsprinciples.html

8 Jee Geronimo, “Filipinos’ growing concern: avoiding being a crime victim – survey,” *Rappler*, January 13, 2017 <https://www.rappler.com/nation/top-concerns-philipinos-pulse-asia-survey-december-2016>

9 “Welcome to Davao, the Philippine Leader’s Town: ‘No Smoking, No Crime,’” *New York Times*, June 17, 2016 <https://www.nytimes.com/2016/06/17/world/asia/philippines-davao-duterte.html>

10 Paolo Romero, “DILG, Chinese firm to install P20-billion CCTV network,” *PhilStar*, December 13, 2018 <https://www.philstar.com/headlines/2018/12/13/1876639/dilg-chinese-firm-install-p20-billion-cctv-network>

Unsurprisingly, some critics raised concerns over the project's facial recognition features, including potential threats of data privacy, hacking, and data theft. Due to China's involvement in the project and the country's dismal record in good digital citizenship, critics feared the possibility of a data breach that would compromise the Philippines' national security.¹¹

Accounts of how China uses facial recognition to monitor people and engineer behavior provide additional cause for trepidation. For instance, China's controversial Social Credit Systems go beyond tracking citizens' violations of the law. It can capture and redirect users' behaviors by dispensing rewards and punishment, such as blacklisting. Moreover, the state's capacity to trace people's locations and analyze their activities can significantly alter people's behavior.¹²

Despite these concerns, DILG Secretary Eduardo Año consistently assured the public about the benefits of the project.¹³ Regarding potential security risks, Año asserted that the project would be handled by Filipinos, saying that the "Chinese will provide the equipment, and after providing the equipment, we'll take care of this. There will be no adviser, there will be no Chinese technician, all Filipino."¹⁴

Moreover, since the project's announcement, the Senate has called for and pursued several investigations into the project, explicitly probing the involvement of Chinese firms and the rationale for entrusting a mass surveillance project to these corporations known for their espionage and opaque activities.¹⁵ Gaps and lapses in the bidding process show an exclusive preference for Chinese corporations dating from the beginning of the project. The project was launched in December 2019, in the pilot location of Marikina City.

Davao City's Public Safety and Security Command Center

As discussed, Duterte's anti-crime showcase—Davao City—boasts a PSSCC with hundreds of CCTVs around the city. During the 2016 campaign, Duterte said that he would take his approach in Davao City nationwide if elected. Hence, PSSCC is the presumed "blueprint" of the Safe Philippines Project.

According to then-monitoring supervisor Tyrone Gutierrez, the CCTV can spot a crime as small as someone littering or smoking. When a crime is detected, a police officer is immediately dispatched to deliver a warning or citation for repeat offenders.¹⁶ Under the said monitoring system, Gutierrez claimed that a SWAT team can be deployed to a major crime scene in minutes. Davao City's PSSCC is perceived to be one of the primary contributing factors to Davao City being among the world's safest cities. According to former PSSCC Chief Benito De Leon, this accomplishment can be attributed to the

11 Alfred Ng, "How China uses facial recognition to control human behavior," *Cnet*, August 11, 2020 <https://www.cnet.com/news/in-china-facial-recognition-public-shaming-and-control-go-hand-in-hand/>

12 Ng, 2020

13 Loreben Tuquero, "Año says China-funded Safe Philippines project will be 'all-Filipino,'" *Rappler*, November 22, 2019 <https://www.rappler.com/nation/ano-china-funded-safe-philippines-project-all-filipino>

14 Tuquero, 2019

15 Camille Elemia, "Senators sound alarm over China-funded DILG project," *Rappler*, December 13, 2018 <https://www.rappler.com/nation/dilg-china-telecom-affiliate-partnership-video-surveillance-system-philippines>

16 "Welcome to Davao, the Philippine Leader's Town: 'No Smoking, No Crime,'" 2016

leadership of local officials and the PSSCC's strict monitoring of the safety and security clusters.¹⁷

The PSSCC was created on June 4, 2012, under Executive Order (EO) No. 18 issued by Mayor Sara Z. Duterte in support of the Davao City local government's vision to "create a Safe City by using information, people, technology, solutions, and develop an intelligent operations unit."¹⁸ Section I of the EO enumerates the functions of the PSSCC as follows:

1. Shall serve as the command, control and coordinating area during day to day (sic) activities, crisis situations, and combined security operations;
2. Develop, create, and operate an alternate command and control unit as the need arises;
3. Monitor events, situations, issues, and developments in the country and overseas that may affect the local safety and security situation of Davao City;
4. Maintain a constant and up to date city risk assessment on criminality, terrorism, and emergencies;
5. Mapping of barangays, roads, vital installations, and other areas that are targeted by criminal and terrorist activities: government infrastructure, religious places of worship, multi-national corporations, commercial establishments, vital installations, venues that host large crowds, and all other likely targets;
6. Develop, plan, and integrate technologies into identified areas;
7. Facilitate the exchange of information and intelligence, maximizing resources towards priorities and streamlining of law enforcement and martial operations;
8. Analyze data to identify crime trends and emerging threats and evaluate the effectiveness of crime prevention and crime reduction strategies and programs;
9. Develop and support effective crime prevention and crime reduction programs based on data gathered;
10. Design of Standard Operating Procedures (SOPs) and training of civilian barangay functionaries and LGU employees who will be part of the full deployment of the safe city concept;
11. Design and implement a system that allows for the information collected and processed by technological means to be distributed to offices, agencies, and units relevant to security deployment;
12. Provide a framework for collaboration, coordination, and inter-operability of all offices, agencies, units involved in the safety, security, and crime prevention network;

17 Ralph Lawrence Llemit, "Davao 2nd top safest city in SEA," *Sunstar*, August 5, 2019 <https://www.sunstar.com.ph/article/1817328/Davao/Local-News/Davao-2nd-top-safest-city-in-SEA>

18 Office of the City Mayor, City of Davao, "An Order Repealing EO 12, s. 2010 and Creating the Public Safety and Security Command Center (PSSCC), Defining its Functions and Appropriating Funds for the Purpose," Executive Order No. 18, Series of 2012 <https://records.davaocity.gov.ph/wp-content/uploads/2021/06/EO-18-2012.pdf>

13. Manage and supervise the intelligent operations unit;
14. Adopt and facilitate PSSCC clusters comprising of law enforcement agencies, military units, public safety agencies, and intelligence agencies that shall adhere to a city wide (sic) strategy to examine information exchange including its dissemination;
15. Perform such other functions as are directly related or implied from those enumerated herein;
16. Perform such other functions and duties as may be directed by the City Mayor.¹⁹

The enumerated functions of PSSCC are comprehensive and well-defined. As such, they seem to justify expectations of positive changes in the city's program against crime. Unfortunately, there is no baseline data available that can be used to prove improvements in response time and other benefits from the system. Nor have there been empirical studies that definitively show that the center is indeed the contributing factor that led to Davao City becoming one of the world's safest cities.

About the Safe Philippines Project

Ensuring security, public order, and safety are essential elements of the current administration's socio-economic agenda as contained in the Philippine Development Plan 2017-2022, released in July 2017. Though the Safe Philippines Project was not explicitly mentioned in this document, the Socioeconomic Report 2017—an annual report from the National Economic and Development Authority (NEDA) that summarizes the government's achievements during the year to meet the goals and targets set in the Philippine Development Plan—notes the project as follows:

Aimed at ensuring fast, effective, and efficient management of public safety, the NEDA Board approved DILG's Safe Philippines Project to modernize the capabilities of the DILG, PNP, BFP, and Bureau of Jail Management and Penology (BJMP) in major cities to respond to emergencies, crises and disasters, law enforcement, traffic and fire management, peace and order, and public safety concerns.²⁰

DILG Secretary Año described the project similarly, stating that it “will be used to improve public safety, evidence collection in the event of criminal activities, incident prevention measures for disaster-related mitigation and response, and police and fire emergency response in addressing traffic and criminal incidents.”²¹ Citing essentially the same projected statistics from the Chinese contractor, he added that “a similar system is in place in many cities in the world especially in large metropolitan cities like Metro Manila.”²²

¹⁹ Sara Z. Duterte, *Executive Order No. 18*

²⁰ National Economic Development Administration, “Philippine Development Plan: Ensuring Security, Public Order, and Safety,” 2017 https://www.neda.gov.ph/wp-content/uploads/2018/03/SER-Chap-18_as-of-March-26.pdf

²¹ Department of the Interior and Local Government, “Safe Philippines Project will improve police response time, deter and reduce crime,” December 17, 2018 <https://dilg.gov.ph/news/DILG-Safe-Philippines-project-will-improve-police-response-time-deter-and-reduce-crime/NC-2018-1376>

²² Department of the Interior and Local Government, 2018

The DILG originally proposed the project as the “National Safe Cities Project.” Eventually, the name was changed to the “Safe Philippines Project” when the final feasibility study was submitted to NEDA in December 2016. The study was later approved in January 2018.

The project costs P20.31 billion (USD \$403.5 million), of which P1.2 billion (USD \$23.8 million) will be shouldered by the government, with the rest to be financed through a soft loan from the China Export-Import Bank (China EXIM Bank).²³ The project’s funding is among the 29 agreements that Duterte signed with China on November 20, 2018, alongside the contract for the New Centennial Water Source Kaliwa Dam Project.²⁴ The counterpart funding was slipped without fanfare into the P96-billion Unprogrammed Funds column in the proposed P3.757-trillion (USD \$74.6 billion) national budget for 2019.²⁵ CITCC was named as the contractor for the project.

The Safe Philippines Project entails installing 12,000 high-definition CCTVs powered by advanced technology all over the Philippines.²⁶ Under Phase I of the project, all cities in Metro Manila and Davao City will have a command center where local government units will operate and oversee the monitoring system. A national command center will also be constructed, along with a remote back-up center located in Clark Freeport Zone in Pampanga.²⁷ The system will reportedly have facial and vehicle recognition software. Once the project is in place, it will also be connected to disaster response agencies in all regions.

In response to concerns about the project, Año provided assurance:

The DILG will install the necessary firewalls to protect the system from hackers and other threats. This will be installed by the DILG and funded by our government. The public also doesn’t have to worry about data breaches in the project as there will be no storage of classified data or information inimical to national security in the CCTV system. The project will simply allow our police to respond to criminal activities, address disasters and traffic issues, and apprehend suspects in the event of threats to public order, safety, and security.²⁸

Año added:

People living in Metro Manila and Davao City will feel a lot more safer (sic) walking the streets at night knowing that this system is in place. This will further empower local government units and our police to be more responsive and proactive in addressing crime-related incidents.²⁹

Given all these rationalizations, it is surprising to read in the updated version of the Philippine Development Plan 2017-2022 that the project is now grouped under the strategies that enhance the security sector’s capability for humanitarian assistance and disaster response.

23 Tuquero, 2019

24 Ruth Abbey Gita, “Philippines, China sign 29 agreements,” *Sunstar Philippines*, November 20, 2018 <https://www.sunstar.com.ph/article/1774942/Manila/Local-News/Philippines-China-sign-29-agreements>

25 Paolo Romero, “Senate to probe P20 billion Chinese CCTV deal,” *PhilStar*, December 17, 2018 <https://www.philstar.com/headlines/2018/12/17/1877632/senate-probe-p20-billion-chinese-cctv-deal>

26 Department of the Interior and Local Government, 2018

27 Department of the Interior and Local Government, 2018

28 Department of the Interior and Local Government, 2018

29 Department of the Interior and Local Government, 2018

Aside from concerns about the nature of the project, there are also administrative issues. Table I below presents a chronology of events based on publicly available information about the project.

Table I. Safe Philippines Project: Chronology of Events

Date	Milestone
Dec 2016 ³⁰	DILG submitted the project feasibility study for the National Safe Cities Project to NEDA ³¹
Oct 24, 2017	NEDA ICC-CabCom approved Phase I of the Safe Philippines Project ³²
Jan 26, 2018	NEDA approved the feasibility study of the Safe Philippines Project ³³
Jul 19, 2018	Chinese Embassy provided a shortlist of Chinese companies recommended by the Chinese Ministry of Commerce to carry out the project ³⁴
Sep 20, 2018	DILG submitted budget costs to DOF for approval
Oct 17, 2018	DILG conducted the pre-bid conference for the project
Oct 25, 2018	DILG published a bid bulletin outlining eligibility requirements for the Safe Philippines Project
Nov 7, 2018	Bid for the project began accepting applications
Nov 16, 2018	Issuance of Notice of Award selecting CITCC ³⁵
Nov 19, 2018	DILG and CITCC signed a commercial contract for the construction and installation of monitoring systems in Metro Manila and Davao City ³⁶
Dec 17, 2018	Senator JV Ejercito announced that the Senate would remove the funding for the Safe Philippines Project

30 The specific date of submission is not publicly available.

31 Department of the Interior and Local Government, 2018

32 National Economic Development Authority, "ICC-CABCOM approves project on public safety, bridge construction," 2017 <https://www.neda.gov.ph/icc-cabcom-approves-project-on-public-safety-bridge-construction/>

33 Department of the Interior and Local Government, 2018

34 Bernadette Nicolas, "Duterte vetoes budget restriction on funding," *Business Mirror*, May 6, 2019 <https://businessmirror.com.ph/2019/05/06/duterte-vetoes-budget-restriction-on-funding/>

35 Nicolas, 2019

36 Macon Ramos-Araneta, "Remove funds for DILG-China surveillance project—JV," *Manila Standard*, December 17, 2018 <https://manilastandard.net/news/national/283226/remove-funds-for-dilg-china-surveillance-project-jv.html>

Date	Milestone
Jan 16, 2019	Senator Ralph G. Recto filed Senate Resolution No. 990 calling for an inquiry in connection with the Safe Philippines Project
May 6, 2019	President Duterte vetoed the provision in the national budget imposing a restriction on funding that would have affected the Safe Philippines Project
Nov 22, 2019	Memorandum of Agreement signed with five local government units in Metro Manila as pilot cities for the project: Marikina, Paranaque, Pasig, San Juan, and Valenzuela.
Nov 22, 2019	Safe Philippines Project pilot launched in the city of Marikina
Dec 16, 2019	Senator Leila M. de Lima filed Senate Resolution No. 275 calling for an inquiry in connection with the Safe Philippines Project
Jan 5, 2020	Senator Leila de Lima issued a renewed call to conduct an inquiry in connection with the Safe Philippines Project

Project Mapping

The Philippine government describes the Safe Philippines Project as a joint undertaking of the Republic of the Philippines and the People's Republic of China. It is listed as Official Development Assistance (ODA) with the approval of the NEDA. According to the DILG, the ODA is in the form of a soft loan from the China EXIM Bank.³⁷

According to news reports, the Safe Philippines Project underwent multiple discussions between the Philippine delegation and representatives from China's Ministry of Commerce (MOFCOM), but the timing of some of these discussions is not publicly available.³⁸ The Philippine delegation included Finance Secretary Carlos Dominguez, Budget and Management Secretary Benjamin Diokno, and Socioeconomic Planning Secretary Ernesto Pernia. Foreign Affairs Secretary Alan Cayetano also accompanied the group in a series of meetings with the Chinese government. The Chinese delegation was headed by MOFCOM Minister Zhong Shan.

According to the Department of Budget and Management, a MOFCOM meeting was held in Beijing, China, from August 22 to 24, 2018, as part of the bilateral high-level meetings.³⁹ One of the projects discussed was Phase I of the Safe Philippines Project. Similar meetings were held with the China

³⁷ Toquero, 2019

³⁸ Department of Budget and Management, "PH government to strengthen economic ties with China," *Department of Budget and Management*, August 24, 2018 <https://dbm.gov.ph/index.php/secretary-s-corner/press-releases/list-of-press-releases/1164-ph-government-to-strengthen-economic-ties-with-china>

³⁹ Department of Budget and Management, "PH government to strengthen economic ties with China," August 24, 2018 <https://www.dbm.gov.ph/index.php/secretary-s-corner/press-releases/list-of-press-releases/1164-ph-government-to-strengthen-economic-ties-with-china>

International Development Cooperation Agency (CIDCA) and China EXIM Bank.⁴⁰ CIDCA's role was to evaluate and approve projects proposed for funding through China EXIM Bank loans. Once approved, the MOFCOM would take over the management of the technical planning and supervision of the project implementation.

China International Development Cooperation Agency

CIDCA, which was established in 2018, the same year that meetings regarding the Safe Philippines Project began, is a vice-ministerial agency directly under the State Council and placed under the supervision of State Councilor Wang Yi, the Minister of Foreign Affairs.⁴¹ The creation of CIDCA and the structure under which it operates may be interpreted as a move to strengthen the linkage between China's foreign aid and foreign policies, in comparison with the previous set-up where foreign aid was the domain of the Department of Foreign Aid under MOFCOM.⁴² According to Dr. Denghua Zhang and Dr. Hongbo Ji, researchers on Chinese overseas aid and investment, "this arrangement increases the voice of foreign policy/Ministry of Foreign Affairs in Chinese aid decision making, as China's diplomacy under President Xi Jinping has been moving away from 'hiding the strength and biding one's time' and becoming more proactive. The Chinese government is increasingly using aid to serve diplomatic and political purposes."⁴³ Nonetheless, Zhang and Ji believe that "MOFCOM continues to wield substantial influence on Chinese foreign aid, even if it is no longer the main caretaker. Therefore, economic interests will remain relevant alongside China's diplomatic and other considerations in deciding aid allocation."⁴⁴

China International Telecommunication Construction Corporation

The project contractor, CITCC, is an affiliate of state-owned China Telecom, one of the firms in the Mislattel Consortium, which has been granted a government permit to be the third telecommunications player in the Philippines. It is also one of the largest conglomerates in China. According to the China Chamber of Commerce for Import and Export (CCCME), CITCC is the only company in China's engineering and telecommunication sector with the foreign economic and trade rights (such as overseas project contracts and labor export rights) to develop overseas businesses and undertake state economic aid tasks and governmental cooperation.⁴⁵

Huawei Technologies

Huawei Technologies Co., Ltd.—the CCTV provider for the project—has been blacklisted by the United States, Japan, and Australia and is under close watch by a growing number of other countries

40 Leah Lynch, Sharon Andersen, Tianyu Zhu, "China's Foreign Aid: A Primer for Recipient Countries, Donors, and Aid Providers," *Center for Global Development*, July 9, 2020 <https://www.cgdev.org/publication/chinas-foreign-aid-primer-recipient-countries-donors-and-aid-providers>

41 The State Council is the chief administrative authority of the People's Republic of China and is regarded by its constitution as synonymous with the Central People's Government. The Central People's Government is one of three interlocking branches of power in China, alongside the Chinese Communist Party (CCP) and the People's Liberation Army.

42 Denghua Zhang Hongbo Ji, "The new Chinese aid agency after its first two years," *DevPolicy*, April 22, 2020 <https://devpolicy.org/the-new-chinese-aid-agency-after-its-first-two-years-20200422-2/>

43 Ji, 2020

44 Ji, 2020

45 Chamber of Commerce for Import and Export, "Services, For Members," accessed December 2020 https://www.cccme.cn/cp/service/sevice_member.aspx

such as Germany and France for alleged hacking and spying.⁴⁶ A growing roster of countries with issues against Huawei has been compiled by the digital publication, channel2e.com. While the World Bank has not blacklisted the company, a World Bank-led project refused to award an undersea communication cable project to Huawei on grounds that it would pose a security threat.⁴⁷

To allay the public's fears, National Security Adviser Hermogenes Esperon Jr. reportedly released a Certificate of No Security Issue.⁴⁸ For his part, Año tried to appease the public by clarifying that Huawei Technologies Co., Ltd. was disqualified for failing to meet the Special Bids and Awards Committee's standards and specifications. Despite being disqualified to serve as the project contractor, Huawei will still supply the CCTVs and other equipment.

Investment Coordination Committee

Over and above the soft loan from China EXIM Bank, the Philippines will fund a percentage of the project cost through the national budget—the General Appropriations Act—prepared by the executive branch's Department of Budget and Management and enacted by the Congress of the Philippines. Before this happens, however, the project needs to undergo these phases: (a) preparation of a project feasibility study; (b) review and analysis of the feasibility study; and (c) evaluation of the project by the Investment Coordination Committee Technical Board (ICC-TB).

Once the project has cleared the ICC-TB, it will go through the Investment Coordination Committee Cabinet Committee (ICC-Cabcom) review and approval before the final approval of the NEDA Board. The ICC-TB is composed of undersecretaries, and the ICC-Cabcom is composed of secretaries. Both are inter-agency committees of the NEDA Board.

Department of Interior and Local Government

The Safe Philippine Project's implementing agency is the DILG, under the executive branch of the government. Under this agency are the other government agencies involved in the project: The Philippine National Police (PNP), the Bureau of Fire Protection (BFP), and the Bureau of Jail Management and Penology (BJMP). The DILG also maintains general supervision over all local government units.

During the project's launch in 2018, the DILG, which supervises 18 local government units (LGUs) in Metro Manila and Davao City, was to be provided with integrated operations, command centers, and a remote backup data center.⁴⁹ The project kicked off in 2019 with the signing of a Memorandum of Agreement between the DILG and the city governments of Marikina, Parañaque, Pasig, San Juan, and Valenzuela, all in Metro Manila. Figure 1 below maps out the entities involved in the project along with the project's structure based on publicly available information.

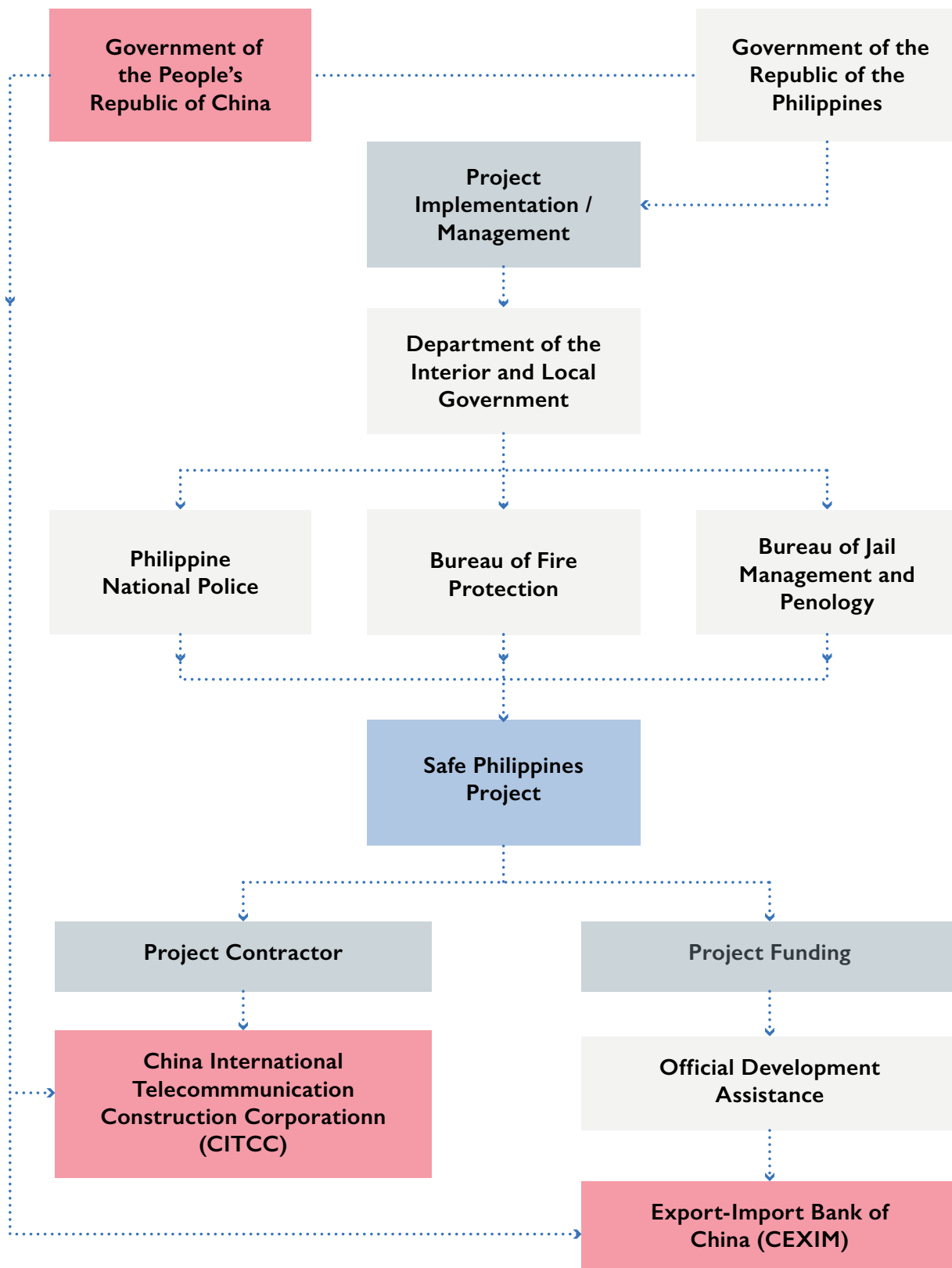
46 "Big Brother from Beijing?" *Philippine Daily Inquirer*, December 20, 2018 <https://opinion.inquirer.net/118290/big-brother-from-beijing#ixzz6m2TolbO8>

47 Jonathan Barrett and Yew Lun Tian, "EXCLUSIVE Pacific Undersea Cable Project Sinks After U.S. Warns Against Chinese Bid," *Reuters*, June 17, 2021 <https://www.reuters.com/world/asia-pacific/exclusive-pacific-undersea-cable-project-sinks-after-us-warns-against-chinese-2021-06-18/>

48 Ramos-Araneta, 2018

49 Department of the Interior and Local Government, "DILG: Safe Philippines project will improve police response time, deter and reduce crime," December 17, 2017 <https://dilg.gov.ph/news/DILG-Safe-Philippines-project-will-improve-police-response-time-deter-and-reduce-crime/NC-2018-1376>

Figure 1. Mapping of Safe Philippines Project



Issues and Controversy

Like other projects undertaken by the Duterte administration with the Chinese government, the Safe Philippines Project also has its share of issues and controversy, some of which resemble those from Davao City.

Flawed Contractor Selection

Similar to the Chico River and Kaliwa Dam projects previously examined in the BRI Monitor, the contractor selection for this project failed to respect existing laws—in this case, the preference for Filipinos and the requirement for competitive bidding.⁵⁰

For the Chico River Pump Irrigation Project (CRPIP), little information about the screening process that led to the selection of China CAMC Engineering Co., Ltd. was made known to the public, except a statement from Department of Finance (DOF) Assistant Secretary Lambino, which stated that “China has provided a list of three contractors of good standing and the implementing agency was given the opportunity to vet and request a replacement, if needed.”⁵¹

In the case of the New Centennial Water Supply-Kaliwa Dam Project (NCWS-KDP), the issue seemed to stem from the flawed bidding process. According to the Philippine Commission on Audit, the process was not truly open; two of the three bidding contractors were included solely to give the “**semblance of a competitive bidding** when in reality, **it is a negotiated contract from the inception of the bidding process.**”⁵²

The provisions of law pertinent to a preference for Filipinos in procurement include the following:

Section 10 of Article XII of the 1987 Constitution provides that “in the grant of rights, privileges, and concessions covering the national economy and patrimony, the State shall give **preference to qualified Filipinos.**”⁵³

Under the Official Development Assistance Act of 1996, specific provisions support this preference:

Implementation, Restrictions, Rules and Regulations. In the implementation of the projects: (a) Consultants for the feasibility and design aspects of the project may not participate, directly or indirectly, in any subsequent phase of the project implementation; (b) Project execution shall not be delegated by the implementing agency except where the latter does not have the capacity [to] implement such project; (c) In the hiring of consultants, contractors, architects, engineers, and other professionals necessary for a project’s implementation, **Filipinos shall be given preference;**⁵⁴

50 “The Chico River Pump Irrigation Project: A Sweetheart Deal Between the Philippines and China,” *BRI Monitor*, 2021 https://www.brimonitor.org/wp-content/uploads/2021/07/CS_CRPIP.pdf; “The Intangible Costs of Building the New Centennial Water Source-Kaliwa Dam Project,” *BRI Monitor*, 2021 <https://www.brimonitor.org/case-studies/the-new-centennial-water-source-kaliwa-dam-project-ncws-kdp/>.

51 PNA and Argyll Geducos, “\$62-M China-PH Irrigation Project Went Through Screening Process,” *Manila Bulletin*, March 3, 2019 <https://www.pressreader.com/philippines/manila-bulletin/20190303/281496457582694>

52 Commission on Audit, “Audit Observation Memorandum issued to the Metropolitan Waterworks and Sewerage System,” June 10, 2019

53 *Emphasis supplied*

54 *Emphasis supplied*

(d) In the purchase of supplies and materials, **preference shall be given to Filipino suppliers and manufacturers**,⁵⁵ so long as the same shall not adversely alter or affect the project, and such supplies and materials are to the standards specified by the consultants, contractors, architects, engineers, and other professionals connected with the projects (Section II).

There is, however, a counter-provision in the current ODA law that effectively weakens the preference provision. Republic Act. No. 8555, signed into law in 1998, amended Republic Act No. 8182 of 1996 to include a new Section II-A that reads:

In the contracting of any loan, credit or indebtedness under this Act or any law, the President of the Philippines may, when necessary, **agree to waive or modify the application of any provision of law granting preferences in connection with, or imposing restrictions on, the procurement of goods or services**.⁵⁶

The other contentious issue about the selection of a contractor is the requirement for competitive bidding. The Government Procurement Reform Act lays down the basic principles governing government procurement, including “competitiveness by extending equal opportunity to enable private contracting parties who are eligible and qualified to participate in competitive bidding” (Section 3, paragraph b).⁵⁷

Moreover, the 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act No. 9184 states:

The provisions of this IRR are in line with the commitment of the GoP [Government of the Philippines] to promote good governance and its effort to adhere to the principles of transparency, accountability, equity, efficiency, and economy in its procurement process. It is the policy of the GoP that procurement of Goods, Infrastructure Projects and Consulting Services shall be **competitive and transparent**, and therefore shall **undergo competitive bidding**, except as provided in Rule XVI of this IRR (Section 2, Declaration of Policy).⁵⁸

In the same revised IRR, the term “competitive bidding” is defined as “a method of procurement which is **open to participation by any interested party**.”⁵⁹

Given these legal provisions, it is controversial, to say the least, that the project was made exclusive to Chinese contractors, as stated explicitly in the Bid Bulletin No. 1 of the project:

An **eligible bidder shall be a legitimate Chinese government-owned corporation**⁶⁰ and a registered manufacturer of quality equipment and product relevant and required in the Safe Philippines Project.

55 *Emphasis supplied*

56 *Emphasis supplied*

57 The Government Procurement Reform Act (Republic Act No. 9184), Official Gazette, 2003 <https://www.officialgazette.gov.ph/2003/01/10/republic-act-no-9184/>

58 *Emphasis supplied*

59 *Emphasis supplied*

60 *Emphasis supplied*

Bidding will be conducted in accordance with the applicable procedures as specified in the Government Procurement Reform Act and is open to the three pre-selected bidders as recommended by the Government of the People's Republic of China, as defined in the Bilateral Agreement.

In November 2018, Año reported that the two other bidders, Huawei and CMEC, were disqualified because they did not meet the standards and specifications of the Special Bids and Awards Committee.⁶¹

The Safe Philippines Project appears to be following a process that is a cross between the CRPIP and the NCWS-KDP approach. Not much information has been released other than the announcement that the bidding was held and that CITCC was eventually selected as the project contractor after the two competitors were disqualified.

The provision referred to above under the ODA law granting the president the power to waive or modify the country's procurement law has become particularly interesting. While the provision's intent is obviously to allow some flexibility in the process to enable critical projects to proceed without delay, the possibility of that discretion being abused inevitably arises. In 2010, Senator Jinggoy Estrada proposed Senate Bill No. 744. The explanatory note of the bill reads:

Under the current ODA law, particularly under Section 11-A thereof, the application of the country's procurement laws may be waived or modified, which thereby negates the possibility of a price challenge that would help lower the debt expenditure of the government. **What then is the guarantee of the country that the loan contracted as ODA was tightly negotiated and in accordance with sound procurement practice if the same did not go through competitive bidding?**⁶²

It would then appear that a project under an ODA arrangement is the best route for sidestepping provisions on Filipino preference and competitive bidding. Given the special privileges enjoyed by ODA projects, questions about this project's qualification as such, including the fact that the motivations behind the contract are less developmental than commercial, have increased relevance.⁶³

Under the ODA law, ODA projects have to be proven urgent and necessary and shall not be accepted or utilized solely because of their availability, convenience, or accessibility.⁶⁴ Given that ODA projects are accorded the status of special national priorities, for the Safe Philippines Project to be deemed such, it becomes imperative to establish that, surveillance systems actually deter crime. It is noteworthy that, while some evidence supports this claim, other evidence refutes it. The College of Policing—the What Works Centre for Crime Reduction in the United Kingdom—in its summary of 34 studies in the UK, 24 studies in the U.S., and studies made in Canada, South Korea, Sweden, Norway, Spain, Poland, and Australia, concluded that overall evidence “suggests that CCTV has reduced crime, but there is some evidence that it has increased crime.”⁶⁵ It would appear that the jury is still out on the effectiveness issue. The project's necessity is therefore debatable, at the very least.

61 Department of the Interior and Local Government, 2018

62 *Emphasis supplied*

63 Romero, 2018

64 Official Development Assistance Act of 1996 (Republic Act No. 8182), *Official Gazette*, 1996 <https://www.neda.gov.ph/oda-act-1996/>

65 “What Works: Closed-circuit television (CCTV) NEW,” *College of Policing*, January 10, 2021 <https://whatworks.college.police.uk/toolkit/Pages/Intervention.aspx?InterventionID=1>

A Threat to National Security

Perhaps primarily due to the political tension created by China's maritime dispute, there is a mistrust among Filipinos against China. A 2019 survey by Social Weather Stations (SWS) showed that Filipinos' trust in China fell from "poor" to "bad," with a net trust rating of – 36 from – 27 in December 2019. Similarly, in a Pulse Asia survey conducted in 2019, about 74 percent of respondents said that "the Philippines should not trust China at all."⁶⁶ Pulse Asia noted that "public opinion on the matter remains essentially unchanged between December 2018 and June 2019."⁶⁷

China's involvement in the Safe Philippines Project is controversial because there is an impression among Filipinos that data collected might be used for Chinese intelligence operations in the Philippines. This is also the general sentiment behind the strong opposition to the deal between the Armed Forces of the Philippines (AFP) and Dito Telecommunity that allowed Dito facilities inside military camps, as covered in depth in another case study. Ironically, even the AFP itself recognizes the high likelihood of spying and the resulting damage posed by its deal to allow a third China-backed telecommunications provider to build cell sites in its camps and bases all over the Philippines.⁶⁸

The situation becomes complicated given that CITCC—the project contractor for the Safe Philippines Project—is an affiliate of China Telecom as well as a partner of the Mislattel Consortium (now Dito Telecommunity) that won the contract to be the third telecommunication provider in the country.

Adding to the national security scare is the fact that the designated supplier of the CCTVs and other equipment for the project is Huawei Technologies Co., Ltd. The company has been banned by several countries—led by the United States—based on allegations of espionage. Technology reporter Scott Brown explains what may be the underlying reason for the ban on Huawei:

Huawei has dealt with numerous accusations over the years of shady business practices. It also has been accused—although with no hard proof—of using its products to spy on other nations. **This is a worrisome thought considering the company's close ties to the Chinese government.**⁶⁹

Huawei CEO and founder Ren Zhengfei is accused of having close links with the Chinese government, given his background as a former soldier in the People's Liberation Army and a current Chinese Communist Party member. On the other hand, Ren has given assurances that his longtime affiliation with China's authoritarian party "would not affect his ability to fight against that same government if it requested user data."⁷⁰

66 Patricia Ann Roxas, "Pulse Asia: Most Filipinos distrust China, Russia; US, Canada trusted," *Inquirer.Net*, July 26, 2019 <https://globalnation.inquirer.net/178338/pulse-asia-most-filipinos-distrust-china-russia-us-canada>

67 Roxas, 2019

68 JC Gotinga, "Experts Warn of Spying Risk in AFP Deal with China-backed Telco," *Rappler*, November 10, 2019 <https://www.rappler.com/newsbreak/in-depth/experts-warn-spying-risk-military-contract-china-backed-telco>

69 Scott Brown, "The Huawei ban explained: A complete timeline and everything you need to know. Android Authority," *Android Authority*, February 7, 2021 <https://www.androidauthority.com/huawei-google-android-ban-988382/>; *Emphasis supplied*

70 Arjun Kharpal, "Huawei CEO: No matter my Communist Party ties, I'll 'definitely' refuse if Beijing wants our customers' data," *CNBC*, January 15, 2019 <https://www.cnbc.com/2019/01/15/huawei-ceo-we-would-refuse-a-chinese-government-request-for-user-data.html>

Be that as it may, Huawei—or any Chinese company for that matter—may not have much choice when it comes to government requests for user data. The 2017 National Intelligence Law of the People's Republic of China provides that for “Chinese citizens and companies alike, participation in ‘intelligence work’ is a legal responsibility and obligation, regardless of geographic boundaries.”⁷¹ Furthermore, China's 2017 Cybersecurity Law requires companies to “provide technical support and assistance to public security organs.”⁷²

Dr. Gu Bin of the Beijing Foreign Studies University, in trying to defend this provision, said that the “obligation of Chinese citizens to support national intelligence work... does not authorize pre-emptive spying; national intelligence work must be defensive in nature.”⁷³ Notably, this statement acknowledges the obligation of citizens to spy: the only question is “at what point in the process the spying can legally begin.”⁷⁴

Año assured the public that the project will be all-Filipino, and that the Chinese corporation's involvement stops at providing the equipment.⁷⁵ Lastly, the DILG downplayed the risks posed by awarding the project to a Chinese enterprise by describing the project as not intended to be a surveillance system and stating that no national security data would be stored in the system.

The government's assurances still fall short primarily because of China's telling reputation in terms of espionage, tagged by some as the world's first “digital authoritarian state.”⁷⁶ All around the world, the integrity of Chinese devices, equipment, and apps have been questioned and associated with backdoor access and undisclosed transmission of data.⁷⁷ CrowdStrike, one of the world's largest cybersecurity firms, described China as “ahead of Russia as the most prolific nation-state mounting attacks on firms, universities, government departments, think tanks and NGOs.”⁷⁸

In terms of legal protection for national security, it is important to note that the Philippine National Security Policy for 2017 to 2022 highlights “the need to safeguard the Philippine classified action plans and programs, government intentions, and state secrets from espionage and other hostile actions, and the need to shield the country from computer-generated attacks that could cause massive crises in our economy, banking and financial institutions, communications, and other critical infrastructure.”⁷⁹

71 Lauren Maranto, “Who benefits from China's Cybersecurity Laws?” *Center for Strategic and International Studies*, June 25, 2020 <https://www.csis.org/blogs/new-perspectives-asia/who-benefits-chinas-cybersecurity-laws>

72 Rogier Creemers, Paul Triolo, and Graham Webster, “Translation: Cybersecurity Law of the People's Republic of China,” *New America*, June 29, 2018 <https://www.newamerica.org/cybersecurityinitiative/digichina/blog/translation-cybersecurity-law-peoples-republic-china/>

73 Gu Bin, “Western Fears of Party Influence on Chinese Companies are Overblown,” *Financial Times*, February 18, 2019 <https://www.ft.com/content/d87c2dac-335d-11e9-9be1-7dc6e2dfa65e>

74 Bonnie Girard, “The Real Danger of China's National Intelligence Law,” *The Diplomat*, February 23, 2019 <https://thediplomat.com/2019/02/the-real-danger-of-chinas-national-intelligence-law/>

75 Tuquero, 2019

76 Nicholas Eftimiades, “The 5 Faces of Chinese Espionage: The World's First Digital Authoritarian State,” *Breaking Defense*, October 22, 2020 <https://breakingdefense.com/2020/10/the-5-faces-of-chinese-espionage-the-worlds-first-digital-authoritarian-state/>

77 “Why the world finds it extremely difficult to trust Chinese technology companies anymore,” *Republic World*, September 2, 2020 <https://www.republicworld.com/opinions/blogs/why-the-world-finds-it-extremely-difficult-to-trust-chinese-technology.html>

78 “China Overtakes Russia as world's biggest state hacker,” *The Week*, October 10, 2018 <https://www.theweek.co.uk/96999/china-overtakes-russia-as-world-s-biggest-state-hacker>

79 Government of the Philippines, *National Security Policy: 2017-2022*, April 2017 <https://nsc.gov.ph/attachments/article/NSP/NSP-2017-2022.pdf>

Privacy Issues

Data from CCTVs qualify as personal information—more so with the facial recognition feature of the system—as defined by the Data Privacy Act:⁸⁰

Any information whether recorded in a material form or not, from which the **identity of an individual is apparent or can be reasonably and directly ascertained** by the entity holding the information, or when put together with other information **would directly and certainly identify an individual** (Section 3, paragraph g).⁸¹

The Safe Philippines Project threatens to violate the privacy and confidentiality of individuals and information. Despite this, there seems to be a disturbing silence about how this project may contradict the Philippines' policies and laws. At the very least, there has to be a publicly available vetting process. However, there has been no statement regarding the project from the government agencies mandated to look after these concerns. There is no information made available to the public regarding any coordination between the DILG and concerned agencies.

It is interesting to note that the government has given serious attention and strong support to privacy and the confidentiality of information as a matter of policy. The law creating the Department of Information and Communications Technology (DICT), signed in 2016, included the rights of individuals to privacy and confidentiality of their personal information, as well as the security of critical ICT infrastructures including information assets of the government, individuals, and businesses as declared policies of the State. Supporting these same objectives are two entities—The Cybercrime Investigation and Coordinating Center (CICC) and the National Privacy Commission—that were created a few years before.

The CICC was created under Republic Act No. 10175, known as the Cybercrime Prevention Act of 2012. Now an attached agency of the DICT, the CICC is also tasked with cybercrime prevention and suppression, including capacity-building. Section 2 of the law recognizes the need:

to protect and safeguard the integrity of computer, computer and communications systems, networks, and databases, and the confidentiality, integrity, and availability of information and data stored therein, from all forms of misuse, abuse, and illegal access by making punishable under the law such conduct or conducts.⁸²

Similarly, the National Privacy Commission was created under Republic Act No. 10173, known as the Data Privacy Act of 2012, which enunciates support to the state's policy "to protect the fundamental human right of privacy" (Section 2).⁸³ The law describes the Commission as an independent body that has functions which include:

80 Data Privacy Act of 2012 (Republic Act No. 10173), *Official Gazette*, 2012 <https://www.officialgazette.gov.ph/2012/08/15/republic-act-no-10173/>

81 *Emphasis Supplied*

82 Congress of the Philippines, Fifteenth Congress, Second Regular Session, "Cybercrime Prevention Act of 2012," Republic Act No. 10175, September 12, 2012 <https://mirror.officialgazette.gov.ph/2012/09/12/republic-act-no-10175/>

83 Congress of the Philippines, Fifteenth Congress, Second Regular Session, "Data Privacy Act of 2012," Republic Act No. 10173, August 15, 2012 <https://www.officialgazette.gov.ph/2012/08/15/republic-act-no-10173/>

- (e) Monitoring the compliance of other government agencies or instrumentalities on their security and technical measures and recommending the necessary action in order to meet minimum standards for protection of personal information pursuant to this Act;
- (f) Coordinating with other government agencies and the private sector on efforts to formulate and implement plans and policies to strengthen the protection of personal information in the country;
- (k) Providing assistance on matters relating to privacy or data protection at the request of a national or local agency, a private entity, or any person.⁸⁴

In 2016, the DICT was created under Republic Act No. 10844 in support of the policy of the state, as enumerated in Section 2:

- (l) To ensure the rights of individuals to privacy and confidentiality of their personal information;
- (m) To ensure the security of critical ICT infrastructures including information assets of the government, individuals and businesses.⁸⁵

In 2017, the DICT unveiled the National Cybersecurity Plan 2022, a comprehensive cybersecurity plan to map the cyber threat landscape and to envision and formulate strategic solutions over the next five years. The primary goals of the plan include:

- (1) assuring the continuous operation of our nation's critical infostructure and public and military networks; (2) implementing cyber resiliency measures to enhance our ability to respond to threats before, during, and after attacks; (3) effective coordination with law enforcement agencies; and (4) a cybersecurity-educated society (Executive Summary).⁸⁶

Cybersecurity Threat

Apart from rising concerns over Chinese involvement, there is apprehension over the government's overall capacity to operate, maintain, and ensure the cybersecurity of the system against even small, domestic, and localized attacks. Multiple instances of Philippine government data being hacked in recent years are worth noting on this issue.

The Philippines remains the most vulnerable country among the Association of Southeast Asian Nations (ASEAN) to cyberattacks, according to reporting which find the Philippines to have the most cases of advanced persistent cyber threats.⁸⁷ According to the Kaspersky 2019 report, the Philippines ranked fourth in the worldwide ranking of countries with the highest web threat detections from

84 Congress of the Philippines, "Data Privacy Act of 2012,"

85 Congress of the Philippines, Sixteenth Congress, Third Regular Session, "Department of Information and Communications Technology Act of 2015," Republic Act No. 10844, May 23, 2016 <https://www.officialgazette.gov.ph/2016/05/23/republic-act-no-10844/>

86 Republic of the Philippines Department of Information and Communications Technology, "National Cybersecurity Plan," May 2, 2017 <https://dict.gov.ph/national-cybersecurity-plan-2022/>

87 Jasper Manuel and Rommel Joven, "Hussarini – Targeted Cyber Attacks in the Philippines," *Fortinet*, July 8, 2018 <https://www.fortinet.com/blog/threat-research/hussarini—targeted-cyber-attack-in-the-philippines>

January to December 2019, after Nepal, Algeria, and Albania.⁸⁸ This ranking also translates to being first in Southeast Asia.

In 2016, for instance, 68 Philippine government websites had been subjected to various forms of cyberattacks, including the Department of National Defense, the Philippine Coast Guard, Department of Foreign Affairs, Department of Health, Bangko Sentral ng Pilipinas, and the Presidential Management Staff.⁸⁹ On two separate occasions, one in April 2019 and another in July 2021, there were reports of cyber espionage attacks allegedly carried out by China against Filipino internet users.⁹⁰ The 2019 attack was reported by Philippine-based group Analytics Association of the Philippines, which detected Chinese-related scripts in government websites including malacanang.gov.ph, dict.gov.ph, comelec.gov.ph, pnp.gov.ph, navy.mil.ph, and laguna.gov.ph.⁹¹

An illustration of the worst-case scenario is the alleged breach of passport information and other data at the Department of Foreign Affairs (DFA).⁹² A passport service contractor “took all the data” when its contract terminated. Foreign Affairs Secretary Locsin Jr., who brought this news online, later said the data was “made inaccessible” by the former government contractor.⁹³ DFA executives, however, have since clarified that there was no attack and that it has full control over the data.

Moreover, government websites have, every now and then, been the subject of cyberattacks for several reasons, such as the hacking of the main government portal after the death of nine activists in the provinces of Rizal, Batangas, and Laguna on March 7, 2021.⁹⁴ This incident presents evidence of a cyber vulnerability that must be taken into full consideration in pursuing a CCTV monitoring system around the country. The current vulnerability of the government to cyberattacks casts doubt on its preparedness to handle the extensive and private data that would be collected by the Safe Philippines Project.

In addressing this issue of cybersecurity, Año explained that they would install necessary precautionary measures, like firewalls, to protect the system’s integrity.

The foregoing accounts simply show that the Philippines’ lack of clear standards and enforcement of cybersecurity laws increase its vulnerability to external threats. Such threats can be mitigated if the country is able to undertake thorough independent security risk assessments before proceeding with any foreign investments which could potentially affect the country’s national security.

88 “Kaspersky 2019 report: PH is world’s 4th country with highest number of detected online threats,” *Manila Standard*, March 2, 2020 <https://manilastandard.net/index.php/tech/tech-news/318639/kaspersky-2019-report-ph-is-world-s-4th-country-with-highest-number-of-detected-online-threats.html>

89 Janvic Mateo, “68 gov’t websites attacked,” *PhilStar*, July 16, 2016 <https://www.philstar.com/headlines/2016/07/16/1603250/68-govt-websites-attacked>

90 Philippine Star, “Senator flags reported cyber espionage by ‘Chinese-speaking actors’ ahead of polls,” *Philippine Star*, July 20, 2021 <https://www.philstar.com/headlines/2021/07/20/113850/senator-flags-reported-cyber-espionage-chinese-speaking-actors-ahead-polls>; Mark Manantan, “The Cyber Dimension of the South China Sea Clashes,” *The Diplomat*, August 5, 2019, <https://thediplomat.com/2019/08/the-cyber-dimension-of-the-south-china-sea-clashes/>

91 Manantan, 2019

92 A. Calonzo, “DILG formally launched the Safe Philippines Project in Marikina City as the pilot area,” *Bloomberg*, January 16, 2019 <https://www.bloomberg.com/news/articles/2019-01-16/philippines-foreign-chief-says-no-passport-data-breach-after-all>

93 Janvic Mateo, “Privacy body to probe passport data mess,” *Philstar*, January 13, 2019 <https://www.philstar.com/headlines/2019/01/13/1884671/privacy-body-probe-passport-data-mess>

94 “Main Philippine gov’t portal hacked after death of 9 activists,” *BusinessWorld*, March 11, 2021 <https://www.bworldonline.com/main-philippine-govt-portal-hacked-after-death-of-9-activists/>

Transparency and Accountability

Aside from the issues on selecting the project contractor, the privacy issues, and the threat to national security and cybersecurity, there were other encompassing concerns that straddle both transparency and accountability.

News reports abound about the lack of publicly available project information and documents, which hinder a closer inquiry into the project. The most common document referenced is a release from the DILG containing the statement of Año regarding the benefits of the project and his blanket assurances in relation to the potential threats of the system.

In particular, conspicuously absent from relevant government websites are the Preferential Buyer's Credit Loan Agreement for the Safe Philippines Project, the feasibility study submitted by the DILG to NEDA, bid documents, and even news about the bidding process.

Email communications were sent to several government agencies involved in the project, including NEDA, DOF, and DILG. Unexpectedly, they were forthcoming with answers regarding project details. In response to the request for a copy of the loan agreement between the Philippines and China, DOF Undersecretary Mark Dennis Joven, in his February 19, 2021, reply, said that the terms are "still at the negotiations stage of the loan financing, any information pertaining thereto is still deemed privileged." He added that once the loan agreement concluded, a copy would be posted on their website. A copy of the commercial agreement between the DILG and CITCC has not been made available.

During a Senate hearing about the Safe Philippines Project held on December 12, 2018, then-Senate President Ralph Recto said the DILG submitted insufficient information and data when he asked for copies of feasibility studies, and that he received information that these were supposedly done by potential suppliers.⁹⁵ The opaque vetting and approval processes of the project—which allegedly lacked studies, consultations, and validation—led to the following provision in the 2019 General Appropriations Bill:

No amount appropriated herein shall be utilized for any project intended for public video surveillance and communication system with suppliers or service providers that are considered as serious risks to national security or interest or are involved in cases regarding information leakage, computer or network hacking, or other forms of cyber espionage, whether in the Philippines or in other countries (Special Provision No. 17).⁹⁶

The provision effectively prohibited the government from using unprogrammed appropriations for public video surveillance and communication systems.

However, Duterte, in the exercise of his executive powers, line-vetoed Special Provision No. 17, saying in his veto message that he was constrained to directly veto the provision as "it limits the power of the President, as chief architect of foreign policy, to enter into loan agreements consistent with Section 20, Article VII of the Constitution."⁹⁷

95 Camille Elemia, "Senators Sound Alarm Over China-Funded DILG Surveillance Project," *Rappler*, December 13, 2018 <https://webcache.googleusercontent.com/search?q=cache:W4tu3YUJOS4J:https://www.rappler.com/nation/dilg-china-telecom-affiliate-partnership-video-surveillance-system-philippines+&cd=1&hl=en&ct=clnk&gl=us>

96 Camille Aguinaldo, "Senate Blocks Funding for CCTV Project with China," *Business World*, January 23, 2019 <https://www.bworldonline.com/senate-blocks-funding-for-cctv-project-with-china/>

97 Bernadette Nicolas, "Duterte Vetoes Budget Restrictions on Funding," *Business Mirror*, May 6, 2019 <https://businessmirror.com.ph/2019/05/06/duterte-vetoes-budget-restriction-on-funding/>



Photo by Sacha T Sas / Unsplash

Conclusion

The majority of Filipinos have consistently expressed their distrust of China, most likely due to its perceived antagonistic behavior in relation to the disputed territories in the West Philippine Sea. Despite this, Duterte still favors close ties with China in exchange for economic benefits that, many say, have not even fully materialized up to this point, with only a little more than a year left in his term of office.

This may be the easy explanation for the fact that the Safe Philippines Project is controversial in much the same way as other government projects involving Chinese funding and contractors during the Duterte administration. But while it may be convenient to dismiss the issues outright based on what could be a misconception driven by bigotry, there may be more than meets the eye behind the discontent.

Thus, it is prudent to look into the project based on its merits, independent of the association with China. The Safe Philippines Project is a network of CCTVs that has facial and vehicular recognition features. The project was initially packaged as an anti-crime tool with promised benefits of increased response times and lower crime rates. All around the world, even in advanced democratic states—such as the United States, the United Kingdom, and Canada—CCTVs are being pervasively used and have been accepted—even encouraged, at times—as part of everyday life.

This, therefore, raises the question as to why there is skepticism towards the Safe Philippines project and its potential effectiveness. The answer needs to reckon with two main issues: the effectiveness of a CCTV system for the purpose that proponents have envisioned and the infringement on the fundamental human right to privacy.

This assessment should begin with a determination of the effectiveness of such a system. There must be an understanding of the logical point that CCTVs do not bring about the promises of increased response times and reduced crime rates by themselves. The effectiveness of CCTVs largely relies on their subsystems and on other systems that intersect with them. For example, staffing at the designated location affects whether it will be useful or not. A CCTV with around-the-clock monitoring clearly can facilitate police response. On the other hand, an unmonitored CCTV may have nothing to do with improving police response but can increase crime resolution rates.

There are also other factors to be considered. For instance, even given around-the-clock CCTV monitoring, police response may still fail for various reasons, such as lack of manpower and logistics. Personnel shortages can be a result of either a deficit in the assignment to a particular station or workload assignments. Logistical problems can be in the form of mobility handicaps caused by lack of serviceable vehicles or funds for fuel supply. Of course, there are more serious concerns that can hamper police response, such as when police personnel are corrupt. In these cases, having surveillance tools at their disposal could even be used in aiding and abetting others in committing illegal activities.

Arguably, some countries have successfully implemented similar projects that have resulted in lower crime rates. However, given current situations in the Philippines that could negate the benefits of the project, it would be more credible and acceptable if it were part of a more comprehensive approach to crime prevention. At the same time, as pointed out earlier, the government must seriously consider the privacy and confidentiality issues of the Safe Philippines project.

On the issue of the infringement of privacy, this point should be immediately conceded, even more so given the system's facial and vehicular recognition capability. Año's attempt to assure the public that the project will not be used for surveillance is inadequate. Once the technology is available, there is little to hinder the use of the project's surveillance capability. Besides, disclaiming the use of the project for surveillance can seem to be a mere play on semantics given that CCTVs are, by definition, video surveillance equipment.

But, like other rights, the right to privacy is not absolute and may be limited by the government. The moral and political dialogue surrounding this issue may be dense and difficult but should not be dismissed as theorizing banter. In this case, the relevant question is if the benefits of a CCTV system outweigh the intrusion into privacy—something that may not be determinable at this point. The answer puts the country in a catch-22 situation; not implementing the project provides the government with a ready alibi for a failed anti-criminality program. On the other hand, proceeding with it does not guarantee the attainment of the project's objectives; neither is the public assured that the breach of privacy would not be unreasonable or excessive. Either way, the project *per se* poses risks. The potential benefits of innovation, however, should not be ignored.

But when the threats are amplified without any foreseeable and corresponding improvement in the benefits, that tips the equation toward halting the project. The involvement of China through its companies for financing and project implementation presents threats that are more than what the country's risk appetite should be.

Given the Chinese government's negative track record as a cybercitizen and its political motivation to spy on a country and its people with whom it has a territorial dispute and vast economic interests, the risks expand to include threats to national security from what previously was an affront to the privacy of individuals. With the Philippines' cybersecurity still at its infancy stage—by the government's own admission—exposing the country to China, a known cyber-attacker with a strong determination, is like inviting the wolf into the sheep's den.

The entire situation becomes more suspicious and adverse to the Philippines' interests when the administrative circumstances behind the project are reviewed. As discussed in this paper, the administration's steps to get the project approved and implemented are out of the ordinary. Given what can only be interpreted as lopsided risks in favor of China, the administration's perseverance for this project speaks volumes.

In theory, donor countries want their assistance to be mobilized productively and correctly, even imposing certain conditions that foster transparency and strengthen institutions. Unfortunately, however, investments and assistance may also undermine democratic processes and weaken institutions through such practices as opaque conditionalities and concessions and even by using pre-selected contractors. China, in particular, has been persistently seen in this mold, which is often described as debt-trap diplomacy.

In the case of the Safe Philippines Project, there appears a willingness by those in the government to compromise domestic laws and undermine regulations for the sake of proceeding with the controversial project. This action severely weakens the democratic processes and institutions and may suggest illicit gains. But those gains could be fleeting or short-lived. China's victory, on the other hand, could be more permanent and expansive.

In order to ensure more robust scrutiny of public infrastructure systems, the government of the Philippines should engage in independent security assessments of technology it procures, with the top-line security assessment made publicly available. The Philippine government should also ensure that key information about these projects, including details about inter-agency coordination, is made available and accessible to the Filipino public. This will create greater trust in the Philippine's digital infrastructure and, at the same time, strengthen national digital security.

Unless eventually vindicated in terms of positive and truthful results from the Safe Philippines Project's performance, the actions of those responsible can only be described as irresponsible at best and treasonous at worst.

On a final note, to reduce the risk of future administrations circumventing the public procurement process by declaring projects to be critically important, projects must be required to meet rigid criteria to qualify for such an extraordinary exception.



What is BRI Monitor?

BRI Monitor is a collaborative effort by five civil society organizations in Southeast Asia and the Pacific: the Institute for Democracy and Economic Affairs (IDEAS) of Malaysia, Stratbase Albert Del Rosario Institute (ADRI) of the Philippines, Sandhi Governance Institute (SGI) of Myanmar, the Institute of National Affairs (INA) of Papua New Guinea and the Future Forum of Cambodia to promote transparency and accountability in major infrastructure projects funded through the Belt and Road Initiative (BRI) in the region.

These organizations have studied the regulatory environments governing these large infrastructure projects in respective countries, including public procurement, official development assistance, public private partnership (PPP), and more, to identify regulatory gaps. They have each researched a set of case studies to identify implementation gaps and governance gaps. Each case study assesses the level of transparency based on almost 40 data points, from basic project information to the tendering process to project completion. Last but not least, each organization maps out the structure of the projects in question in order to identify domestic and international entities involved in the project and to understand the degree of public financial exposure resulting from each project.

This website is intended to be a platform for the publication of our research outputs and as a knowledge repository. We also hope that the website can be used as a platform for knowledge sharing and a tool to advocate better governance of major infrastructure projects in the region.

BRI Monitor is supported by the Center for International Private Enterprise (CIPE).

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