

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila



THIRTEENTH CONGRESS
First Regular Session

House Bill No. 2283

Introduced by **Honorable PEDRO M. PANCHO**

EXPLANATORY NOTE

A Contractor's Certificate is a legal instrument approved and guaranteed by the Department of Finance and Bangko Sentral ng Pilipinas to be issued by the Department of Public Works and Highways as local counterpart payment to the foreign funding to avoid the delay in the construction of foreign-assisted programs which destroy the creditability of our country to the lending institutions for sufficiency of resources to cover the additional amount to improve agricultural and industrial production.

The contractor's certificate can also be used as collateral to secure loan as authorized by the Department of Finance and can be rediscounted in any window of a private or government bank and honored by the Bangko Sentral ng Pilipinas for one (1) year at 2% from the contractor and 7% by the Department of Finance or a total nine percent (9%) per annum.

The sharing scheme is profitable and attractive to private banks and other players to invest their capital in the new eligible paper that

promotes a safety direction in the economic development of the community instead of floating treasury bills for no definite destination in the form of economic recovery.

The united participation of government and private contractors will create a good image for the administration and most of all to our President's accomplishment.

The contractor's certificate is the first instrument that introduced payment with sharing on the part of the government as it gives profit in borrowing capital to pay low interest rate shoulder by the government without disturbing the banking policies.

The sharing mechanism assures the counterpart for the foreign assisted programs and its completion and delivery on target time that can be used in the exact period of development until after one year of the Department of Finance have collected the corresponding amount of the local counterpart.

The Bangko Sentral ng Pilipinas or the Department of Finance now need to support the contractor to save the dwindling budget deficit borrowing from local institutions to finance cheap cost of counterpart than the dollar which involves future exorbitant appreciation and high interest rate.

The purpose and intention is to use the peso for continuous operations for economic development by using more human power that will generate employment and income to our government. The creation of new instrument is the answer to the growing big budget deficit that paralyzed all government departments and agencies for not using the ODA for lack to produce local counterpart. If no palliative can be used to

remedy the growing disease of the peso deficit coming from the germs of the dollar that spread in the whole country for the devaluation will unseat another president for lack of solution to cure the shortage of the peso and heal the economic condition that need local instrument for the progress to lessen the illness of our budget deficit.

Every time the government incurs a deficit, the Technocrats always think of borrowing money to cover the international indebtedness like in the foreign assisted projects. Local counterpart cannot be provided to finish the project in the easiest target time for lack of funds to meet the requirements of the contract. The image of our country is tarnished because of its failure to pay the contractor. The infrastructure development destroy the sympathy for the creation of road, bridges, agricultural land and other industries for lack of effective scheme to answer the counterpart to relieve temporarily for one year to pay the obligation in order to submit the project on definite period of time to get another loan.

The only way is to look for local financing from the private banks. The concerned department should create negotiable instrument approved and guaranteed by the Department of Finance and Bangko Sentral ng Pilipinas to be used by the contractor as collateral for the local counterpart for one year credit line to be paid by the issuing department including the interest plus the share of the contractor with the said loan. This is to protect the name of the Contractor and the Agency from failure to pay and maintain a good record in the assisted program.

The creation of legal paper is the best solution to the main deficit of our government to relieve for one year shortage of cash with the sharing

of capitalist to cover the uncollected amount intended to the delayed of the project and be deliver on due time as the last speedy means of solving of all the government organization obligations.

Accordingly, approval of the attached bill is earnestly requested.


PEDRO M. PANCHO
Congressman
2nd District of Bulacan

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***“AN ACT AUTHORIZING THE USE OF THE CONTRACTOR'S CERTIFICATE AS A
LEGAL PAPER THAT CAN BE USED AS COLLATERAL AND
REDISCOUNTING IN ANY WINDOW OF A PUBLIC OR PRIVATE BANK.”***

Be it enacted by the Senate and House of Representatives of the
Philippines in Congress assembled:

SECTION 1. The use of the Contractor's Certificate as a Legal Paper
that can be circulated as collateral and rediscounted in any window of
any public or private bank is hereby authorized.

SEC. 2. The Department of Finance and Department of Public Works
and Highways shall jointly formulate the necessary guidelines for the
appropriate implementation of this act.

SEC. 3. This Act shall take effect upon its approval.

APPROVED,