

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Third Regular Session

House Bill No. 8480



Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

EXPLANATORY NOTE

Article 7, Section 20 of the Constitution states, "The President may contract or guarantee foreign loans on behalf of the Republic of the Philippines with the prior concurrence of the Monetary Board, and subject to such limitations as may be provided by law. The Monetary Board shall, within thirty days from the end of every quarter of the calendar year, submit to the Congress a complete report of its decisions on applications for loans to be contracted or guaranteed by the Government or government-owned and controlled corporations which would have the effect of increasing the foreign debt, and containing other matters as may be provided by law".

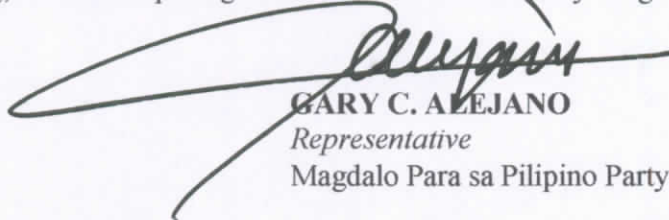
In consonance with this Constitutional provision, Republic Act No. 4860 was enacted in 1966 which authorizes the President to incur indebtedness on behalf of the Republic in the amount not to exceed One billion US dollars. It was later amended by Republic Act No. 8182 which excluded Official Development Assistance (ODA) from the limit.

Based on government data, the amount of foreign debts acquired and the allocated budget for debt servicing has been increasing for the past three years. From a total debt of US\$78.9 billion in 2014, this has ballooned to P6.432 trillion as of August 2017. While incurring public debt is not necessarily undesirable, obtaining debt without sound evaluation and proper analysis would prove to be detrimental to the economic and social interest of our country given our government's limited resources.

While we recognize the power given to the President when it comes to incurring loans meant spur growth and promote equity in the provision of public services and benefits, we should ensure transparency and accountability on all government borrowings. Hence, there is a need institutionalize an effective check and balance on the executive power to contract and guarantee loans.

In recognition of the Congress' power of the purse as well as the exercise of its oversight powers, this proposed measure seeks to establish a Congressional Oversight Committee to ensure the fiscal health of the country by ensuring that the proper implementation of all laws, implementing rules and regulations, and executive issuances relating to foreign and domestic borrowings are observed.

In view of the foregoing, immediate passage of this measure is earnestly sought.


GARY C. ALEJANO
Representative
Magdalo Para sa Pilipino Party-List

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Introduced by **MAGDALO Party-List Representative**
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AN ACT
CONSTITUTING A CONGRESSIONAL OVERSIGHT COMMITTEE ON DEBT
MANAGEMENT TO LOOK INTO ALL FOREIGN AND DOMESTIC
BORROWINGS NEGOTIATED, CONTRACTED OR GUARANTEED BY THE
PRESIDENT ON BEHALF OF THE PHILIPPINES AS WELL AS THOSE BY THE
GOVERNMENT OR GOVERNMENT OWNED AND CONTROLLED
CORPORATIONS AND FOR OTHER PURPOSES

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

1 **SECTION 1. Declaration of Policy.** – In accordance with the Constitutional
2 prescription on transparency and accountability, the State shall endeavor and pursue a debt
3 management system that shall be made available to public scrutiny and subject to strict
4 adherence to existing pertinent laws and rules and regulations.

5
6 The State shall likewise ensure the most appropriate use of its limited resources
7 bearing in mind the Constitutional mandate of giving priority to education, health, science
8 and technology, acceleration of social progress and promotion of total human liberation and
9 development.

10
11 **SEC.2. The Congressional Oversight Committee.** – A Congressional Oversight
12 Committee on Debt Management, hereinafter referred to as the Committee, is hereby
13 constituted in accordance with the provisions of this Act.

14
15 The Committee shall be composed of the Chairpersons of the Committee on Ways
16 and Means of the Senate and the house of Representatives and three (3) additional members
17 from each chamber to be designated by the Senate President and the house Speaker,
18 respectively. One (1) of the said three (3) additional members shall come from the minority
19 members of each chamber.

20
21 The Congressional Oversight Committee constituted under Section 8, paragraph (c) of
22 Republic Act No. 8182 shall cease to exist and is hereby replaced by the Committee.

23
24 **SEC.3. Functions and Duties of the Committee.** – The Committee shall, among
25 others, in aid of legislation:

- 26 a) Monitor and ensure the proper implementation of all laws, implementing rules and
27 regulations, and executive issuances relating to foreign and domestic borrowings
28 such as, but not limited to, Republic Act Nos. 4860 and 8182;

- 1
2 b) Review all documents relating to contracts, guarantees and negotiations on foreign
3 and domestic borrowings.
4
5 c) Review all subsisting contracts and guarantees and negotiations on foreign and
6 domestic borrowings; and
7
8 d) Determine that the power of the President of the Republic, the government and
9 government owned and controlled corporations to negotiate, contract and
10 guarantee foreign and domestic borrowings is reasonably and legally exercised.
11

12 The phrase foreign and domestic borrowings shall refer to such borrowings or loans
13 negotiated, contracted and/ or guaranteed by the President on behalf of the Philippines, the
14 government or government owned and controlled corporations.
15
16

17 **SEC.4. *Requisite Authority of the Committee.*** – In furtherance of the above-
18 enumerated functions and duties of the Committee, the Committee is empowered to require
19 all government agencies concerned, including the Office of the President, the submission of
20 all pertinent information and data on foreign and domestic borrowings. Provided, however,
21 that information or data that are privileged shall be furnished the Committee only in
22 Executive Session.
23

24 **SEC. 5. *Separability Clause.*** – If any provision of this Act or the application of such
25 provision to any person or circumstance is declared invalid, the remainder of the Act or the
26 application of such provision to other persons or circumstances shall not be affected thereby..
27

28 **SEC. 6. *Repealing Clause.*** – All laws, decrees, executive issuances, rules and
29 regulations inconsistent with this Act are hereby repealed or modified accordingly.
30

31 **SEC. 7. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after
32 publication in at least two (2) newspapers of general circulation.

Approved,