


FIFTEENTH CONGRESS OF THE REPUBLIC )  
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SENATE  
P.S. Res. No. **638**

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INTRODUCED BY SENATOR JINGGOY EJERCITO ESTRADA

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A RESOLUTION

DIRECTING THE SENATE COMMITTEES ON ACCOUNTABILITY OF PUBLIC OFFICERS AND INVESTIGATIONS, AND WAYS AND MEANS, TO INQUIRE AND INVESTIGATE IN AID OF LEGISLATION GOVERNMENT'S BORROWING PROCESS IN RELATION TO THE ISSUANCE OF POVERTY ERADICATION AND ALLEVIATION CERTIFICATES (PEACe) BONDS, WITH THE END IN VIEW OF DETERMINING WHO ARE THE ACCOUNTABLE PUBLIC OFFICIALS AND PERSONS AND ENACTING REMEDIAL LEGISLATION

**WHEREAS**, in October 2001, the Government held an auction for P10 (ten) billion worth of zero coupon bonds or PEACe bonds, which matured in October of 2011;

**WHEREAS**, the government was paid P10 billion pesos but had to pay some P35 billion pesos when the bonds matured this year, 2011;

**WHEREAS**, the bided bonds where awarded to Rizal Commercial Banking Corporation (RCBC) at an interest rate of 12.75 percent per annum and were later sold at a discounted rate by RCBC to a ready market earning for Caucus of Development NGO- Networks (CODE NGO) some P1.38 billion in endowment fund;

**WHEREAS**, the CODE NGO admitted from the very beginning that they were responsible for the idea behind the PEACe bonds and that they earned at least P100 Million interest income per annum from the issued PEACe bonds which they used and have been using for their poverty reduction projects;

**WHEREAS**, the Senate of the Philippines during the first quarter of 2002 conducted an investigation on the transaction concerning the PEACe bonds pursuant to Resolution No. 193 filed by Senator Teresa Aquino Oreta;

**WHEREAS**, the Committee on Finance of the Senate of the Philippines was not able to resolve the PEACe bonds issue and did not come out with a Committee Report;

**WHEREAS**, there is a need to ascertain the transparency of the government's borrowing process to determine its implication in the country's overall economy;

**WHEREAS**, it is very clear from the foregoing facts that the government issued bonds for the benefit of CODE NGO, a private institution, and allegedly paid some P35 billion pesos out of taxpayer's money when the bonds matured in contravention and in violation of the spirit of the Constitution wherein no money shall be paid out of the treasury except pursuant to an appropriation made by law;

**WHEREAS**, there is a necessity to revisit the circumstance surrounding the PEACe bonds transaction and thus, prevent irregular issuance of government debt instruments in the future;

**WHEREAS**, there is a need to reopen the Senate investigation to determine if indeed there was an anomaly relative to the PEACe bonds transaction and to establish whether its issuance has caused injury to the government so that, once and for all to put a closure on this issue that has hounded the nation for years.

**NOW, THEREFORE, BE IT RESOLVED, AS IT HEREBY RESOLVED**, to direct the Committees on Accountability of Public Officers and Investigations, and Ways and Means, to inquire and investigate in aid of legislation government's borrowing process in relation to the issuance of PEACe bonds, with the end in view of determining who are the accountable public officials and persons and enacting remedial legislation.

**ADOPTED,**

  
**JINGGOY EJERCITO ESTRADA**  
Senator