

SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



Senate
Office of the Secretary

13 JUL -8 P1:15

SENATE

S. B. No. **594**

RECEIVED BY: *fu*

Introduced by Senator FRANCIS G. ESCUDERO

EXPLANATORY NOTE

This bill is an offshoot of the highly controversial, if not anomalous, National Broadband Network (NBN) project of the government.

In the course of the investigation conducted by the Senate, it has been determined that the NBN project is to be funded through foreign borrowing or loan. Such being the case, legal issues have been raised as to whether or not the government complied with the requisites provided for by pertinent laws.

One for instance is that if the NBN project is an Official Development Assistance (ODA) program, congressional approval is required as mandated by Section 4 of Republic Act No. 4860. Another is that if the NBN is not an ODA project compliance should still be had with Executive Order No. 459 dated 25 November 1997.

The government apparently failed to meet the above statutory requirements.

Equally important, nonetheless, is the way the government has handled our country's debt management which undeniably resulted in an unprecedented and unreasonable growth. Estimates on our national debt indicate a rise from Php2.8 trillion by the end of 2001 to Php3.3 trillion by the end of 2002 - this translates to an appalling increase of almost a trillion pesos a year.

To put it in a practical manner, our debt increases by a million per minute or Php60 million an hour or Php1.4 billion daily. Hence, debt servicing has been getting the highest budgetary allocation of 25% at the average, more or less, of our national budget since the 1980s.

Consequently, with debt servicing, other sectors that require funding continuous to suffer and these include education, health, science and technology, and other government programs on social progress and human development.

This bill therefore seeks not only to rectify the mistakes discovered in the NBN investigation but also to institutionalize an effective check and balance on the executive power to contract and guarantee loans. Such power if left unchecked and unbridled shall continue, as it has been, to be detrimental to the economic and social interest of our country given its limited resources.

It is for the above reasons, perhaps, that Section 20, Article VII of the Constitution is crafted in a manner that subject the above executive power, albeit foreign loans only, to "such limitations as may be provided by law."

And certainly, for the same above reasons that Congress, as an independent and a co-equal branch of government, must effectively pursue and insist on its power and prerogative to approve, determine and allocate the national budget of the government.

In view of the foregoing, passage of this piece of legislation with dispatch is sincerely sought.

FRANCIS G. ESCUDERO

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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 prescription
2 on transparency and accountability, the State shall endeavor and pursue a debt management
3 system that shall be made available to public scrutiny and subject to strict adherence to existing
4 pertinent laws and rules and regulations.
5

6 The State shall likewise ensure the most appropriate use of its limited resources bearing
7 in mind the constitutional mandate of giving priority to education, health, science and
8 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 constituted
13 in accordance with the provisions of this Act. The Committee shall be composed of the
14 Chairpersons of the Committee on Ways and Means of the Senate and the I-house of
15 Eepresentatives and three (3) additional members from each chamber to be designated by the
16 Senate President and the House Speaker, respectively. One (1) of the said three (3) additional
17 members shall come from the minority members of each chamber. The Congressional Oversight
18 Committee constituted under Section 8, paragraph c) of Eepublic Act No. 8182 shall cease to
19 exist and is hereby replaced by the Committee.

1 SEC. 3. Functions and Duties of the Committee. - The Committee shall among others, in
2 aid of legislation:

3
4 a) Monitor and ensure the proper implementation of all laws, implementing
5 rules and regulations, and executive issuances relating to foreign and domestic
6 borrowings such as, but not limited to, Republic Act Nos. 4860 and 8182;

7 b) Review all documents relating to contracts, guarantees and negotiations on
8 foreign and domestic borrowings.

9 c) Review all subsisting contracts and guarantees on foreign and domestic
10 borrowings; and

11 d) Determine that the power of the President of the Republic, the government
12 and government owned and controlled corporation to negotiate, contract and
13 guarantee foreign and domestic borrowings is reasonably and legally exercised.

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

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

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

28
29 Sec. 6. Repealing Clause. - All laws, decrees and orders or parts thereof inconsistent
30 herewith are deemed repealed or modified accordingly.

31
32 Sec. 7. Effectivity. - This Act shall take effect after thirty (30) days following the
33 completion of its publication in the Official Gazette or in two (2) national newspapers of general
34 circulation.

35
36 *Approved,*