


SENATE

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S. No. **2342**

Introduced by Senator Francis "Chiz" ESCUDERO

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### Explanatory Note

In the aftermath of the extremely destructive super typhoon Yolanda (international codename: Haiyan) that struck our country last November 8, 2013, an outpouring of support in the form of cash and in-kind donations were directed to the Philippines by both local and foreign donors. In response to media reports alleging instances of corruption with respect to the utilization and accounting of the donated funds, Senator Miriam Defensor-Santiago introduced Proposed Senate Resolution No. 363 entitled:

#### RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEE ON FINANCE TO CONDUCT AN INQUIRY IN AID OF LEGISLATION, ON THE NEED FOR TRANSPARENCY AND ACCOUNTABILITY WITH REGARD TO INCOMING FOREIGN AND LOCAL AID FOR THE VICTIMS OF SUPER TYPHOON YOLANDA.

which was referred to the Committee on Finance.

On February 26 and March 17, 2014, the committee conducted a hearing on the bills referred to the committee, including P. S. R. No. 363. In accordance with the Chairman's instructions, a Technical Working Group meeting was conducted by the committee last May 13, 2014, to which resource persons from the Department of Foreign Affairs, Department of Budget and Management, Department of Finance, and Commission on Audit were invited.

From the above-mentioned hearings and TWG meeting, one of the findings was the fact that there was no single agency in the government that has possession and knowledge of the total amount of local and foreign donations for the victims of Super Typhoon Yolanda. The Foreign Aid Transparency Hub or FAITH, an online information portal created by the national government, captures only the foreign aid pledged and received by the country for the victims of Yolanda. It does not include the foreign or local donations that were deposited directly to the accounts of various departments or agencies, or the foreign or local donations received directly by the affected local government units.

The above findings indicate the need to institutionalize, preferably through legislation, a mechanism for the monitoring and accounting of all foreign and local donations for natural and man-made calamities. In addition, the public clamour for transparency and accountability in the utilization of the monetary and non-monetary aid received from foreign and local benefactors calls for proactive action from the Commission on Audit.

In view of the foregoing, the approval of the bill is earnestly sought.



FRANCIS "Chiz" G. ESCUDERO  
Senator



1 (f) "Donations in Kind" - refer to assistance in kind such as but not limited to food,  
2 clothing, medicine, and equipment coming from the donor entity/individual to a  
3 specific national government agency or local government unit for the purpose of  
4 disaster relief, recovery and rehabilitation efforts.  
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7 **SECTION 5. Donations.** Departments, bureaus and Offices of the National  
8 Government, including Constitutional Offices enjoying fiscal autonomy, and State Universities  
9 and Colleges may accept donations in cash or in kind from various sources, domestic or foreign,  
10 for purposes relevant to their respective functions, and which shall be used to cover aid, relief  
11 and rehabilitation, repair and reconstruction of permanent structures affected by natural and man-  
12 made calamities. Such donations, whether in cash or in kind shall be deemed automatically  
13 appropriated.  
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16 **SECTION 6. Utilization and Treatment of Donations.** Donations shall be utilized in  
17 accordance with the purpose identified by the Donor. Donations for a specific purpose, as  
18 identified by the donor, shall be treated as trust receipts, PROVIDED that in case the donor does  
19 not identify a specific project or activity to be funded, such donation shall be considered as  
20 calamity aid for the use of the Department of Social Welfare and Development: PROVIDED  
21 further, that donations intended for program support for calamities in general shall be booked as  
22 income of the National Government or Local Government Unit, as the case may be.  
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25 **SECTION 7. Cash Donations.** All cash donations shall be deposited under the  
26 account of the Bureau of Treasury (BTr), except when the donation is made directly to the  
27 agencies, in which case the donee-agency shall inform the BTr of the cash donation upon receipt  
28 thereof: PROVIDED, that if the donation is made directly to an LGU, the Bureau of Local  
29 Government Finance (BLGF) shall be informed upon its receipt of the cash donation for  
30 purposes of consolidating the quarterly reports to be submitted to the Office of Civil Defense  
31 (OCD), the secretariat of the National Disaster Risk Reduction and Management Council  
32 (NDRRMC). An official receipt shall be issued by the concerned donee-agency or LGU for cash  
33 donations received.  
34

35 Donations in Foreign Currency shall be converted to the Philippine Peso at the prevailing  
36 rate at the time of the receipt of the donation. Donations shall be taken up in the books of the  
37 BTr as income or trust receipts.  
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39 The amounts received by the donee-agency shall thereafter be deposited to the account of  
40 the Treasurer of the Philippines, and shall be made available to the implementing agency  
41 concerned through a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No.  
42 292: PROVIDED that, if the donee-agency is an LGU, the same shall be deposited to the account  
43 of the Local Treasury as a separate special account maintained in every provincial, city, or  
44 municipal treasury and recorded as a Trust Fund under the Special Funds pursuant to Section 309  
45 (b) Article I, Chapter II, Title V, Book II of the Local Government Code.  
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47 In no case shall the cash donation be used for payment of Personal Services of any  
48 government unit or any other expenses not related to disaster relief, recovery and rehabilitation  
49 efforts.  
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52 **SECTION 8. Donations in Kind.** For donations in kind, an acknowledgement receipt  
53 shall be issued to the donor by the donee-agency. The value of donated Property, Plant and  
54 Equipment (PPE) shall be based on the declared value in the Deed of Donation or the bill of  
55 lading/airway bill/parcel notice and other related documents. The fair market value/appraised  
56 value shall be used in the absence of declared value. The donee-agency shall submit either in  
57 printed form or by way of electronic document to the OCD, quarterly reports on the receipt of  
58 donations in kind: PROVIDED that, the LGU shall submit to OCD thru BLGF all donations in

1 kind that they have received: PROVIDED further that, the Bureau of Customs (BOC), which  
2 process all foreign donation pursuant to Section 18 of R.A. 10121, otherwise known as the  
3 “Philippine Disaster Risk Reduction and Management Act,” shall submit a report on the  
4 conditionally-free importation under this section to the OCD.  
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6 The head of the donee-agency or LGU shall be primarily responsible for the accounting  
7 and safeguarding of all donated supplies, materials, equipment and relief goods against loss and  
8 wastage.  
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10 **SECTION 9. Foreign Donations.** Foreign donations, whether in cash or in kind, from  
11 foreign governments shall be subject to the prior clearance and approval of the President upon  
12 the recommendation of the Department of Foreign Affairs (DFA). The DFA shall also submit to  
13 OCD a report on foreign donations that it has processed.  
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16 **SECTION 10. Consolidated Reports.** The head of the donee-agency and the agency’s  
17 web administrator or his/her equivalent shall be responsible for ensuring that the quarterly report  
18 of all donations received, whether in cash or in kind are posted on the agency’s official website.  
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21 The BTr shall submit to OCD a quarterly report on all amount deposited under the special  
22 account it maintains for all donations received, including the amount retained by the donee-  
23 agency under Section 7 of this Act.  
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25 The Department of Foreign Affairs (DOF) shall likewise submit a report on all pledges  
26 made by foreign governments, bilateral or multilateral organizations and institutions, private  
27 foreign individuals or groups to the Philippine government for disaster relief, aid, or  
28 rehabilitation to OCD.  
29

30 The OCD shall submit, either in printed form or by way of electronic document, to the  
31 Department of Budget and Management (DBM), the House Committee on Appropriations and  
32 the Senate Committee on Finance, a consolidated quarterly report of all submissions made to  
33 OCD under this Act. The Executive Director of the OCD and the NDRRMC’s web  
34 administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports  
35 are likewise posted on the official website of NDRRMC.  
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38 **SECTION 11. Implementation, Rules, and Regulations.** The DBM, OCD,  
39 Department of Finance, Department of the Interior and Local Government, and the Commission  
40 on Audit shall promulgate the Implementing Rules and Regulations to implement this Act within  
41 thirty (30) days from its approval.  
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43 The Implementing Rules and Regulations shall take effect five (5) days after publication  
44 in a newspaper of general circulation.  
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47 **SECTION 12. Effectivity.** This Act shall take effect fifteen (15) days following its  
48 complete publication in the Official Gazette or in two (3) national newspapers of general  
49 circulation.  
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51 Approved.  
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