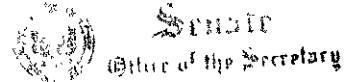


SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Second Regular Session)



15 FEB -2 AM 11:36

SENATE

Senate Bill No. 2598

RECEIVED BY:

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

AN ACT
PROHIBITING RETIRED AND INCUMBENT OFFICIALS OF GOVERNMENT
FROM ACCEPTING EMPLOYMENT WITH INTERNATIONAL AND
DOMESTIC CREDITORS

EXPLANATORY NOTE

There has been a number of former officials of the government who took part in the negotiation for loans with our foreign and domestic creditors, who were later employed by these financial institutions.

Considering the amount involved are billions of dollars and to avoid conflict of interest in the negotiations with our foreign creditors, it is imperative that the State shall regulate the right of our financial managers and negotiators to be employed with the domestic and international financial institutions that extended loan to our government.

Our financial managers and debt negotiators have access to vital information, which these financial institutions could use against the economic and financial interest of the Philippine government. The prospect of being employed by these financial institutions after retirement or separation from the government might also influence our incumbent officials in their negotiation either for new loan or debt restructuring, with our foreign and domestic creditors, by accommodating the interest of the creditors to the prejudice of the government.

This bill seeks to prohibit and penalize retired and incumbent officials of the Philippine government from employment with our international and domestic creditors. It also seeks to promote nationalist consciousness among our people and a higher sense of ethical standard among our economic and financial managers. It will partly implement the constitutional mandate to "develop a self-reliant and independent national economy effectively controlled by Filipinos." (Art. II, Sec. 19).


In view hereof, the early passage of this proposed measure is highly recommended.

JINGGOY EJERCITO ESTRADA
Senator

15 FEB -2 A11 :36

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

1 **SEC. 1. Declaration of Policy.** - The 1987 Constitution mandates for a
2 self-reliant and independent national economy effectively controlled by Filipinos.
3 Towards this end, the State shall ensure that government officials who
4 negotiated with the foreign and domestic creditors should not be allowed to be
5 employed, within a prescribed period, with financial institutions over which they
6 have negotiated in the past to avoid conflict of interest which is tantamount to
7 economic treason.

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10 **SEC. 2. Prohibition on the Employment of Retired Officials with**
11 **International and Domestic Creditors.** - Retired officials of the government
12 who have participated or whose office has participated directly or indirectly in the
13 negotiation with international and domestic creditors are hereby prohibited to be
14 employed with the foreign and domestic creditors of the Philippine government
15 within two (2) years from their retirement or separation from the government.

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17 The prohibition on employment shall include consultancy, contract of
18 services, management contract or similar agreements or schemes.

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21 **SEC 3. Prohibition on the Employment of Incumbent Officials with**
22 **International and Domestic Creditors.** - Incumbent officials of the government
23 who have participated or whose office has participated directly or indirectly in the
24 negotiation with international and domestic creditors are hereby prohibited to be
25 employed with the foreign and domestic creditors of the Philippine government
26 while in government service and within two (2) years from their resignation or
27 separation therefrom. The prohibition on employment shall include consultancy,
28 contract of services, management contract or similar agreements or schemes.

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31 **SEC. 4. Penal Provision.** - Any person violating any of the provisions of
32 this Act shall be liable for imprisonment for a period of one (1) year to five (5)
33 years at the discretion of the court and forfeiture of the instruments or fruits of the
34 offense in favor of the State, including the salaries and all benefits received as a

1 result of his employment with the foreign or domestic creditor.

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SEC. 5. Separability Clause. - If any provisions of this Act shall be declared unconstitutional, no other provisions shall be affected thereby.

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SEC. 6. Repealing Clause. - All laws, executive orders, rules and regulations or parts thereof which are inconsistent with this Act are hereby repealed or modified accordingly.

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SEC. 7. Effectivity. - This Act shall take effect fifteen (15) days from the date of its publication in the official gazette or in any newspaper of general circulation, whichever comes earlier.

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Approved,