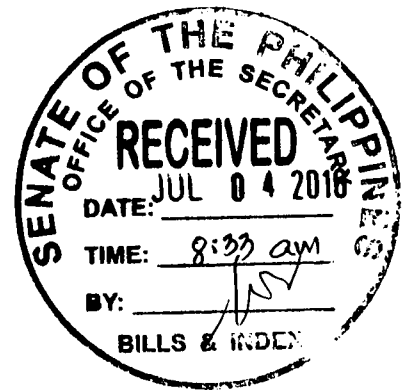


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

SENATE

S. B. No. 236



Introduced by **SENATOR GREGORIO B. HONASAN II**

**AN ACT TO INCREASE TO FIVE MILLION PESOS THE APPROVING AUTHORITY
OF THE COMMISSION ON AUDIT TO RESTRUCTURE OR CONDONE THE
UNPAID INTERESTS, PENALTIES AND/OR SURCHARGES ON AGRICULTURAL
LOANS OF FARMERS AND FISHERFOLKS**

EXPLANATORY NOTE

According to the Commission on Audit, “the COA Commission Proper (CP) has original jurisdiction over request for condonation of settled claim or liability. Specifically, the evaluation of such requests and preparation of draft decisions are done by the Claims and Adjudication Offices under the Commission Proper Adjudication and Secretariat Support Services Sector (CPASSSS).”¹

In the light of proposals to restructure or condone the interests, surcharges and penalties on agricultural loans of farmers, farmers’ cooperatives, fisherfolks, and agrarian reform beneficiaries taken from government agencies, it is understood that in order to preserve the principle of checks and balances in government, Section 36 of Presidential Decree (P.D.) No. 1445 or the “Government Auditing Code of the Philippines” and Section 20 Subtitle B Book V of the Revised Administrative Code grant the COA the power to compromise claim or settled liability to any government agency except when provided in the respective charters of government agencies/instrumentalities or government-owned or controlled corporations.

The outdated aforementioned provisions, however, limit the approving and recommendatory jurisdiction of COA to P10,000.00 and P100,000.00 only. With the intention to adjust the amounts to present day values, this bill proposes that the jurisdictional amounts involving the restructuring or condonation of agricultural loans be increased to:

- a) P5 Million for claims/liabilities to be approved by the Commission; and
- b) more than P5 Million for claims/liabilities, upon recommendation of the Commission, to be approved by Congress.²

It is our intention to institutionalize this mechanism in order to provide our poor farmers and fisherfolks relief from being unable to pay their loans including interests and penalties thereon due to causes beyond their control such as the average 20 typhoons which hit the country every year.

Wherefore, I earnestly seek the immediate enactment of this proposed measure.


GREGORIO B. HONASAN II

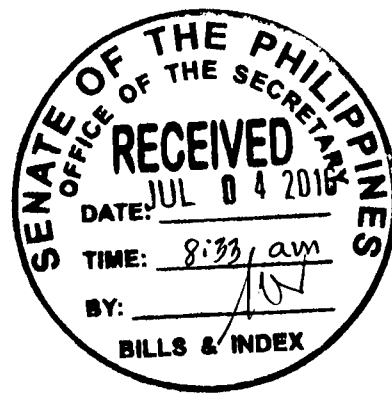
¹ COA letter to the Senate Committee on Agrarian Reform dated 13 June 2016.

² Ibid

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

1 SECTION 1. When the interest of the government so requires, the Commission on Audit
2 may compromise or release in whole or in part, any settled claim or liability to any government
3 agency not exceeding five million pesos arising out of the unpaid interests, penalties and/or
4 surcharges on any agricultural loan of a farmer, farmers' cooperative, fisherfolk, or agrarian reform
5 beneficiary secured from the government agency due to any cause beyond their control. In case
6 the interests and/or penalties exceed five million pesos, the application for relief therefrom, in
7 whole or in part, shall be submitted, through the Commission, and with its recommendation, to the
8 Congress.

9 SEC. 2. Agricultural loans shall refer to loans granted for agricultural production,
10 promotion of agricultural business and exports including, but not limited to, the acquisition of
11 work animals, farm equipment and machinery, seeds, fertilizers, poultry, livestock, feeds
12 construction, acquisition and repair of agricultural facilities.

13 SEC. 3. All other laws, decrees, executive orders, issuances, rules and regulations, or part
14 thereof inconsistent with this Act are hereby likewise repealed or amended accordingly.

15 SEC. 4. If, for any reason, any section or provision of this Act is declared unconstitutional
16 or invalid, the other sections or provisions not affected thereby shall remain in full force and effect.

17 SEC. 5. This Act shall take effect after fifteen (15) days upon publication in at least two
18 (2) newspapers of general circulation.

19 *Approved,*