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SENATE  
S. B. NO. 1086

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Introduced by **SENATOR JOSEPH VICTOR G. EJERCITO**

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**AN ACT PROHIBITING LOCAL GOVERNMENT UNITS FROM  
APPLYING FOR LOANS TO FINANCE INFRASTRUCTURE PROJECTS  
AND LENDING INSTITUTIONS FROM APPROVING IT OR  
RELEASING THE PROCEEDS ONE YEAR BEFORE ELECTIONS**

**EXPLANATORY NOTE**

This bill seeks to bar local government units from obtaining loan for infrastructure projects one (1) year prior to every National and/or Local Elections. In the same vein, this is also intended to stop lending institutions from approving it, or releasing its proceeds to the local government.

Loans of any kind are burden to local governments. As such, it must be used to serve its purpose and not to fatten the pockets of public officials. But unlike loans for social services, loans for infrastructure are source of graft and corruption especially when election draws near. It is arguably the milking cow of crooked politicians and the money stashed from this practice is used during elections.

On the other hand, corrupt public officials can hardly reap monetary windfall from livelihood projects, and financial (burial, educational, medical and transportation) assistance to indigent constituents because of the very nature of this service.

This will serve us guaranty to our people that loans contracted by their local government units one year before the election will be for social services only.

The immediate approval of this bill is earnestly sought.

**JOSEPH VICTOR G. EJERCITO**  
Senator



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

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Senate Bill No. \_\_\_\_\_

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**AN ACT PROHIBITING LOCAL GOVERNMENT UNITS FROM APPLYING FOR LOANS TO FINANCE INFRASTRUCTURE PROJECTS AND LENDING INSTITUTIONS FROM APPROVING IT OR RELEASING THE PROCEEDS ONE YEAR BEFORE ELECTIONS.**

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

1           **SECTION 1. Short Title.** This Act shall be known as *Loan Election Ban of*  
2 *2016.*

3  
4           **SECTION 2. Declaration of Policy.** The State shall maintain honesty and  
5 integrity in the public service and take positive and effective measures against  
6 graft and corruption.

7  
8           **SECTION 3. Definition of Terms.** As used in this Act:

9  
10           (a) "Infrastructure loan" shall mean loan made by a local government  
11 unit from any private or public lending institution for the purpose of financing  
12 the construction, rehabilitation, repair or improvement of local infrastructure  
13 project.

14  
15           (b) "Local government unit" shall mean political subdivision of the  
16 State duly constituted by law which has substantial control of local affairs. It  
17 shall refer to barangay, municipality, city, province and the Autonomous Region  
18 in Muslim Mindanao (ARMM).

19  
20           (c) "Local infrastructure project" shall include but is not limited to the  
21 construction, repair, rehabilitation or improvement of buildings, roads, bridges,  
22 public markets, pavements, pathways, footbridges, fences, stages, police/jail/fire  
23 stations, housing units, flood control, water supply system, irrigation  
24 projects/facilities, electrification projects, seepage project.

1  
2           **SECTION 4. *Prohibited Acts.*** The following acts shall be prohibited:  
3

4           (a) The enactment of a resolution by the Sangguniang Barangay,  
5 Sangguniang Bayan, Sangguniang Panlungsod, Sangguniang Panlalawigan, or  
6 the Regional Legislative Assembly (ARMM) authorizing the local government  
7 unit, through the Punong Barangay, Mayor or Governor, as the case may be, to  
8 apply or obtain loan for local infrastructure projects one (1) year before the local  
9 or national elections;

10  
11           (b) The signing or execution of any infrastructure loan agreement  
12 involving the local government unit and the private or public lending institution  
13 one (1) year before the local or national elections;

14  
15           (c) The approval by the private or public lending institution of the  
16 infrastructure loan application of the local government one (1) year before the  
17 local or national elections; and

18  
19           (d) The release by the private or public lending institution of the  
20 amount or proceeds of the infrastructure loan to the local government one (1)  
21 year before the local or national elections.  
22

23           **SECTION 5. *Criminal Liability.*** - (a) Any elective local official who  
24 commits an act prohibited under this law shall be punished by imprisonment of  
25 three years and one day to six years.  
26

27           (b) Any public employee or private individual who knowingly  
28 participated in the commission of an act prohibited under this law shall be  
29 punished by imprisonment of one year and one day to three years.  
30

31           **SECTION 6. *Separability Clause.*** - If any section or part of this Act is held  
32 unconstitutional, no other section or provision shall be affected.  
33

34           **SECTION 7. *Repealing Clause.*** All laws, decrees, executive orders, rules  
35 and regulations, issuances or any part thereof inconsistent with the provisions of  
36 this Act are deemed repealed.  
37

38           **SECTION 8. *Effectivity.*** - This Act shall take effect (15) days after its  
39 publication in at least two (2) national newspapers of general circulation.

*Approved,*