

REQUIRING ALL GOVERNMENT AGENCIES AND INSTRUMENTALITIES TO SEEK APPROVAL OF THE DEPARTMENT OF FINANCE PRIOR TO ENTERING INTO NEGOTIATIONS FOR FOREIGN CURRENCY DENOMINATED LOANS

ADMINISTRATIVE ORDER NO. 19, October 26, 2001

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WHEREAS, owing to the need to coordinate the government's foreign currency denominated borrowing, Letter of Instructions No. 158 dated January 1974, requires all proposals of the Government, its agencies and government financial institutions to be submitted to the Monetary Board for the latter's approval in principle prior to the commencement of actual negotiations, in which the Secretary of Finance and the Central Bank (now Bangko Sentral ng Pilipinas) Governor act as co-chief negotiators;

WHEREAS, pursuant to Title II, Chapter I, Section 2 of the Administrative Code of 1987, on judicious management of government's financial resources, the Department of Finance is tasked with the review, approval, and management of all public sector debt, whether foreign or domestic, to ensure that all borrowed funds are effectively utilized and promptly serviced by the government;

WHEREAS, recognizing the Department of Finance's authority over fiscal matters, Republic Act No. 7653 ("The New Central Bank Act") requires that, prior to conducting credit operations abroad, the government shall, through the Secretary of Finance, request the opinion in writing of the Monetary Board on the transaction's monetary implications;

WHEREAS, it has been observed that some governmental entities enter into foreign currency loan negotiations without prior clearance from the Secretary of Finance, thus resulting in obligations that may hamper the sound management of fiscal resources.

NOW THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

- Compliance requirements. – Prior to entering into negotiations for loans denominated in a foreign currency, all government agencies and instrumentalities, including government owned and controlled corporations (GOCCs), government financial institutions (GFIs), and local government units (LGUs) must submit the loan proposal to the Secretary of Finance for his approval in principle.
- Negotiation of foreign currency denominated loans. – In all instances where the agreement or contract entails a foreign currency denominated loan the Secretary of Finance shall, together with the Governor of the Bangko Sentral ng Pilipinas, or their authorized representatives, lead the negotiations for such loans. They shall be accompanied in this endeavor by the representatives of the concerned government agency, GOCC, GFI or LGU.
- Reporting requirements. – At least two months before the beginning of each fiscal year, all concerned shall submit their annual borrowing programs to the Secretary of Finance.
- Assistance from all government entities. – All government offices, agencies and instrumentalities are hereby

directed to extend assistance and cooperation as may be needed in the implementation of this Order.

- Repealing clause. – All executive orders, department orders and administrative issuances inconsistent with this Order are hereby repealed or modified accordingly.
- Effectivity. – This Administrative Order shall take effect immediately.

Done in the City of Manila, on this 26th day of October in the year Our Lord, two thousand and one.

(Sgd.) GLORIA MACAPAGAL-ARROYO

President of the Philippines

By the President:

(Sgd.) ALBERTO G. ROMULO

Executive Secretary

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