

[EXECUTIVE ORDER NO. 236, February 13, 1957]

**PRESCRIBING PROCEDURES FOR THE PLANNING OF
DEVELOPMENT FINANCES, THE ISSUANCE OF GOVERNMENT
SECURITIES, AND THE DISBURSEMENT OF PROCEEDS.**

WHEREAS, it is necessary to establish responsibilities and define procedures for the coordinated planning of development finances, to prescribe measures and standards relative to the formulation of the public borrowing policy of the government, and to revise and clarify the procedures followed in the issuance of public securities and the expenditure of the proceeds thereof, and

WHEREAS, it is imperative that the following objectives be achieved:

- (1) to provide for more coordinated over-all programming and more effective consideration of the specific undertakings authorized by Republic Act No. 1000 and other statutes;
- (2) to assure that national development is financed within an environment of monetary stability;
- (3) to avoid the creation of inflationary pressures by careful planning of limitations on bond issues and expenditures in the light of pertinent economic and monetary indicators;
- (4) to expedite the process of development programming and implementation by shortening the time required for necessary clearances and approvals and by simplifying the fiscal operations incident to the issuance of bonds and the disbursement of the proceeds thereof;
- (5) to reduce interest costs on idle bond fund balances by pooling all bond resources under Republic Act No. 1000 and by maintaining the common fund at minimum levels sufficient only to cover current cash withdrawals; and
- (6) to improve the allotment and financial control procedures applying to bond funds by establishing both time and monetary limits on obligational authority and related disbursements in order to provide an adequate basis for advance planning and the incurrence of contractual obligations while restricting cash availabilities to immediate and realistic liquidation needs;

NOW, THEREFORE, I, RAMON MAGSAYSAY, President of the Philippines, by virtue of the powers vested in me by law, and upon recommendation of the Secretary of Finance, the Commissioner of the Budget, the Governor of the Central Bank, the Chairman of the National Economic Council and the Auditor General, do hereby order and prescribe the following procedures for the planning of development finances, the issuance of government securities, and the disbursement of proceeds:

SECTION 1. Applicability.– The provisions of this order shall apply specifically to bonds issued pursuant to Republic Act No. 1000 and all other securities, other than short-term notes, which are guaranteed by the full faith and credit of the Philippine Government.

The provisions of this order shall likewise apply, to the fullest extent practicable, to all proceeds already acquired under authority of Republic Act No. 1000 for specific projects.

SECTION 2. Role of the Council of State.– The Council of State shall be consulted on all programs proposed to be financed by public borrowings pursuant to Republic Act No. 1000 or under the authority of the respective charters of the corporations and other entities concerned. Action by the Council shall be prerequisite to the inclusion of any program or proposal in the annual plan prepared or revised by the Budget Commission.

SEC. 3. Role of the Budget Commission.– The Budget Commission is responsible for formulating integrated plans of development finances involving the use of RA 1000 and similar funds for the government sector consistent with the overall national development program and policies of the Government. The Commission shall prepare and, if necessary, revise the annual program to be financed under Republic Act No. 1000 and other bond authorizations and shall provide for the coordinated review of all governmental activities proposed for bond financing.

The Commission shall, in addition, perform the following related functions:

- (a) Serve as a general clearing house for the receipt and handling of all requests for the financing of programs or projects under Republic Act No. 1000 or other bond authorizations.
- (b) Conduct budgetary, administrative, and fiscal reviews of all proposals for financing programs or projects from the proceeds of government securities
- (c) Assure the observance of the non-self-liquidating and debt service limitations stipulated by Republic Act No. 1000.
- (d) Release allotments covering obligational authority and fix disbursement limits for bond funds in accordance with applicable law and regulations.
- (e) Maintain complete and accurate records concerning the financial status of the public borrowing program.
- (f) Prepare for the President the annual report required to be presented to the Congress under the terms of Republic Act No. 1000.

The Commission is authorized to prescribe the form and time of submitting requests for development financing by all entities, including government owned and/or controlled corporations, covering current financial status, economic justifications for proposed projects, proposed schedules for the payment of amortization and interest charges, estimates of new obligational authority required, and estimates of cash disbursements from the Treasury.

SEC. 4. Role of the Monetary Board and Central Bank.– The Monetary Board shall, annually and at such other times as may be necessary, establish maximum limits governing aggregate disbursements from the proceeds of government securities which may be permitted in the ensuing fiscal year or other planning period. Such limits shall be fixed on the basis of the ability of the economy to absorb the proposed net additions to the money supply and shall be consistent with the maintenance of monetary stability. These permissible and feasible limits shall operate as a guide to program planning agencies and the Budget Commission in the formulation of fiscal plans.

The Monetary Board shall consider the annual program of development financing, as prepared and revised by the Budget Commission, in terms of its monetary feasibility. The Board shall formally advise the President as to the plan's potential effect on the money supply, price levels, international reserve and general monetary stability.

The Central Bank shall effect the sale of government Securities at the request of the Secretary of Finance and shall act as the fiscal agent of the government in paying all interest charges on the public debt when due and in administering required sinking funds.

SEC. 5. Role of the National Economic Council.– The National Economic Council shall formulate national development plans and determine program priorities for the general guidance of all government entities.

In connection with the preparation and revision of the annual development finance program, the Council shall be consulted and shall advise the Budget Commission concerning the relationship of such financial plans to the basic objectives of national development, economic feasibility of the financing measures proposed, relative program urgency, and coordination with the private sector of the economy.

SEC. 6. Role of the Department of Finance.– The Secretary of Finance will transmit the formal request of the administration to the Central Bank for the sale of government securities upon notification by the Bureau of the Treasury as to the need for replenishing the common bond fund.

The Secretary of Finance is responsible, in consultation with the Monetary Board, for determining the form, terms, and other conditions of all proposed bond floatation measures, including the preparation of amortization and interest schedules, as required by statute.

The Secretary of Finance will determine amortization and interest schedules governing the repayment by government corporations and other entities of indebtedness to the Government incurred under Republic Act No. 1000.

The Department of Finance shall, with references to self-liquidating programs or projects in provinces, cities and municipalities certify as to whether the paying capacity of such entity is sufficient to meet amortization and interest payments.

SEC. 7. Role of the Bureau of the Treasury.– The Bureau of the Treasury shall establish a common fund for all proceeds emanating from the sale of Republic Act No. 1000 bonds. Such fund shall be entitled the "Public Works and Economic Development Bond Fund" (PWED) and shall be available for any and all projects the

financing of which has been authorized by the President through the issuance and sale of Republic Act No. 1000 bonds.

With respect to its custody of the PWED Bond Fund and its cash management and forecasting functions in relation thereto, the Bureau of the Treasury shall:

- (a) Obtain periodically from the Budget Commission projected disbursement schedules, such information to be used for Treasury planning purposes and as a guide to the further sale of bonds.
- (b) Pay warrants drawn by authorized agencies to liquidate obligations incurred, to advance cash to disbursing officers, to provide working funds, or for other lawful purposes.
- (c) Periodically advise the Central Bank, through the Secretary of Finance, as to the status of the Fund and request the sale of such additional bonds as are necessary to meet scheduled withdrawals by the development agencies.
- (d) Maintain an accurate record of all transactions affecting the PWED Bond Fund including approved schedules of debt amortization and interest and repayments of advances due the government.
- (e) Prepare monthly statements of PWED Bond Fund accounts current for each entity drawing warrants against such account.

The Bureau of the Treasury shall be responsible for collecting repayments of all Treasury advances for debt amortization and interest charges from all corporations and other entities. It shall take effective steps to discharge this responsibility particularly with respect to those entities in arrears on such payments.

SEC. 8. Creation of a Fiscal Policy Council and a Technical Committee on Development Financing. – There is hereby created a Fiscal Policy Council consisting of the Secretary of Finance, the Governor of the Central Bank, the Chairman of the National Economic Council and the Budget Commissioner. The Fiscal Policy Council shall meet with the President at his call and shall serve in an advisory capacity to him for the purpose of achieving balanced and integrated fiscal, monetary and economic policies in the interest of sound and sustained national development.

To supplement and support the deliberations of the Fiscal Policy Council there is hereby created a Technical Committee on Development Financing consisting of the senior professional representatives of the members of said Council. The Presiding Officer of the Technical Committee shall be the representative of the Budget Commissioner. Said Commissioner may invite such additional representatives from other appropriate entities of government as he may designate. The Technical Committee on Development Financing will perform the following functions:

- (a) Study the economic impact of proposed public borrowing magnitudes and make recommendations as to maximum limits.
- (b) Recommend allocations of bond funds in the light of national development objectives and priorities.
- (c) Conduct the integrated planning of peso expenditures in relation to reparations proceeds, foreign exchange resources and international