

PRESS RELEASE

“BSP Circular No. 926, series of 2016 dated 13 September 2016: Guidelines in Processing Requests for MB Opinion on the Monetary and Balance of Payments, Application of Proposed Domestic Borrowings of Government Entities pursuant to Section 123 of Republic Act No. 7653 ”

MANILA – The Bangko Sentral ng Pilipinas (BSP) conducted a public information campaign (PIC) for lending institutions and borrowing government entities (BGEs) on November 2, 2016 at the BSP Assembly Hall. The activity aims to present the latest guidelines concerning BSP Circular No. 926.

The DOF-BLGF, represented by Executive Director Niño Raymond B. Alvina was invited to discuss the process of certification of the Net Debt Service Ceiling and Borrowing Capacity of LGUs. He mentioned that for the last five years an average of 317 certificates were issued by the BLGF; that is approximately 26 LGU requests for certificates processed on a monthly basis. Furthermore, he also said, “ that since the process of issuing certificates have already been decentralized only this year, we are definite that the number of days involved in the process will be reduced from 15 to 3 days.” He presented a graph showing the trend as to the number of loan application which is relatively low during election year.

Likewise, Executive Director Alvina, announced the signing/approval of the Department Order (DO) No. 054.2016 on the Streamlining the Certification of Net Debt Service Ceiling and Borrowing Capacity of Local Government Units. He highlighted that the DO reduced the documentary requirements for loan application from twelve (12) to four (4) while for those LGUs affected by natural and/or manmade disasters it was cut down from four (4) to two (2) documentary requirements.

On the said PIC, BSP Deputy Director Sittie M. Butocan pointed out the four (4) steps to be followed by LGUs in requesting for MB Opinion, as follows:

- Step 1: LGU submits written request to BSP for MB opinion accompanied by the required documents and information;
- Step 2: Request will be processed once all required documents and information are submitted. If there are incomplete documents, the BSP will inform the LGU of the document/s or information that should be submitted;
- Step 3: LGUs with complete documentation will be elevated to MB for opinion on monetary and BOP implications of proposed loan. The BSP has informed BGEs through their public information campaign (PIC) that MB meets every Thursday; and
- Step 4: The BSP to transmit letter containing MB opinion to the LGU.

She also mentioned documentary requirements to be submitted relative to the said request. With this new set of guidelines, there will be more relevant monitoring of potential credit risk on LGU borrowings.