



REPUBLIC OF THE PHILIPPINES
BUREAU OF LOCAL GOVERNMENT FINANCE
DEPARTMENT OF FINANCE

8th Floor EDPC Building, Bangko Sentral ng Pilipinas Complex
Roxas Boulevard, Manila 1004 * Telefax Nos. 527-2780 / 527-2790
Email: blgf@blgf.gov.ph Official Website: www.blgf.gov.ph

BLGF MEMORANDUM CIRCULAR NO. 11-002-2016
4 November 2016

FOR : All BLGF Central and Regional Directors, Provincial, City, Municipal Treasurers and Others Concerned

SUBJECT : **BSP Circular No. 926 Series of 2016: Guidelines in Processing Requests for Monetary Board Opinion on the Monetary and Balance of Payments Implications of Proposed Domestic Borrowings by Government Entities Pursuant to Section 123 of Republic Act No. 7653**

This Memorandum Circular is issued to inform and guide the Central and Regional Offices of this Bureau, all Provincial, City and Municipal Treasurers, and others concerned, relative to the **Bangko Sentral ng Pilipinas (BSP) Circular No. 926 Series of 2016**, entitled *Guidelines in Processing Requests for Monetary Board Opinion on the Monetary and Balance of Payments Implications of Proposed Domestic Borrowings by Government Entities Pursuant to Section 123 of Republic Act No. 7653*, issued on 13 September 2016, hereto attached.

The Circular provides the procedures to be observed by the local government units (LGUs), as well as the documentary requirements to be submitted, relative to the requests for Monetary Board (MB) opinion on the probable effects of the proposed credit operation on monetary aggregates, the price level and the balance of payments (BOP) pursuant to Section 123 of Republic Act No. 7653, 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 BSP for MB opinion on monetary and BOP implications of proposed loan. The BSP has informed Borrowing Government Entities (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.

In addition, as contained in Appendix 57, the major amendments affecting the LGUs as BGE are as follows (annexures provided in the BSP Circular):

1. Extension of the validity period of the MB opinion to one (1) year, commencing on the date of the BSP letter transmitting the opinion;
2. Inclusion of a provision requiring the borrowing government entity (BGE) to request for new MB opinion should there be an increase in the loan amount in

me

excess of 10% or a change in the manner of acquisition of the project to be funded (i.e., whether for local purchase or for importation), provided that no release has been made of the loan;

3. Inclusion of a statement clarifying that BGEs need not request an MB opinion for a one-time short-term borrowing (i.e., with tenors of 90 days or less); but if the borrowing is a revolving credit line, the BGEs shall request an MB opinion; and
4. Inclusion of prescribed forms, particularly for the request letter, to ensure completeness and consistency of information submitted to BSP.
5. The following are the required documents and information:
 - a. To support **request for MB opinion**, the LGU must submit the following documents/information to BSP:
 - i. Letter from the LGU requesting for MB opinion on its proposed loan by using the prescribed form attached as Annex 1;
 - ii. Valid BLGF certification on the borrowing and debt service capacity of the LGU; and
 - iii. Information on the LGU's year-to-date outstanding loans by using the prescribed form attached as Annex 2.
 - b. The lending institution may **release the loan proceeds** only upon receipt from the LGU of the following documents/information:
 - i. Ordinance approving the proposed loan terms, its purpose, terms and conditions as well as the corresponding amount/s of the project/s to be funded (sample copy attached as Annex 3);
 - ii. Provincial/city/municipal validation of the ordinance, as applicable; and
 - iii. Waiver on the confidentiality of investment and bank deposits, whether in peso or foreign currency, duly executed (sample copy attached as Annex 4).
6. The required post-borrowing report from the LGUs submitted to BSP within 30 calendar days after final release of loan proceeds (refer to Annex 5)

The BLGF Regional Directors are hereby instructed to widely and immediately disseminate this Circular to all concerned within their respective jurisdictions.

Please be guided accordingly.


NIÑO RAYMOND B. ALVINA
OIC Executive Director