

**Request for BSP Opinion on Monetary Implications of the
Proposed Pxx million Loan of the Municipality of xxx, Province of xxx from the (Bank)
Checklist of Requirements and Status of Submission as of (xx January 2012)¹**

Item	Documents Required	Status
<p>Procedures and Documentary Requirements</p> <p>A. Manner of Request An LGU proposal to borrow shall be submitted to the Bangko Sentral ng Pilipinas (BSP) with a formal request for the Monetary Board's opinion on the probable effects of the proposed operation on monetary aggregates, the price level, and the balance of payments.</p>	<p>- Letter request, with background information on the borrowing and specific purposes/project(s)</p> <p>- DOF-BLGF comments on the proposed loan and project as well as the LGU's performance.²</p>	<p>To be submitted.</p> <p>To be submitted. This is apart from the submitted DOF-BLGF Certification (Item No. 4 below).</p>
<p>B. Documentary Requirements</p> <p>The proposal shall be accompanied by the following documents:</p> <p>1. An original copy (or a certified true copy) of the ordinance duly signed by the appropriate officers pursuant to the Local Government Code (LGC)</p>	<p>- Ordinance approving the terms and conditions as well as the specific purpose/s and corresponding amount/s.³ Nonetheless, the submission of a resolution may be considered as substantial compliance, provided that the appropriate local authority issues a certification that "such resolution is in the same nature as an ordinance, and was passed in accordance with the procedures/requirements for enacting a valid ordinance pursuant, but not limited, to Sec. Nos. 305[a] and 55 (b) of the Local Government Code."</p>	<p>The Ordinance⁴ has to be submitted. (Sample copy attached--Annex B1).</p>

¹ All documents submitted should be original copies or true copies thereof authenticated/certified by the Sanggunian Secretary.

² This is apart from the DOF-BLGF Certifications (Item No. 4 below). For convenience, the LGU proponent may opt to request the DOF-BLGF to send its appropriate comments and/or endorsement directly to the BSP.

³ The ordinance requirement is corollary to one of the Fundamental Principles governing the operations of LGUs (Sec. 305 of the LGC) that: "(a) No money shall be paid out of the local treasury except in pursuance of an appropriations ordinance or law;" The requirement is also referred to in Section 55 (b) of the LGC that there is a need for "an ordinance directing the payment of money or creating a liability." (underscoring provided). It is further reminded that all the information (loan amount, purpose, specific project/s and basic breakdown thereof, etc.) to be indicated in the ordinance should be consistent with those mentioned in the letter-request. Please refer to Annex B on Sections 305(a) and 55(b) of the LGC.

⁴ All the information (loan amount, purpose, breakdown of projects, etc.) to be indicated in the ordinance should be consistent with those mentioned in the letter-request.

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<p>3. A waiver letter on the confidentiality of information (Annex D) under Sections 2 and 3 of Republic Act No. 1405, as amended, authorizing all banks and financial institutions under the supervision of the BSP and which have transactions with the concerned LGU to disclose to the BSP all information pertaining to the deposits, investments, loans and other transactions of the concerned LGU (including the history or status of the LGU's dealings with said banks and financial institutions); the waiver letter should be duly executed by the mayor or governor or chief executive as the case may be, and supported by a likewise duly-executed 'waiver resolution'..</p>	<p>- waiver letter (original; contents should closely follow the pro-forma waiver-letter provided by BSP/DER);</p> <p>and</p> <p>- Original or certified true copy of the resolution authorizing the waiver letter⁶ (this may be included as an item in the Ordinance; contents should closely follow the pro-forma waiver-letter provided by BSP/DER).</p>	<p>To be submitted.</p> <p>To be submitted.</p>
<p>4. A Department of Finance (DOF) certification that the debt service and borrowing capacity of the proponent LGU satisfies the legal requirements for the borrowing.</p>	<p>- DOF certification.</p>	<p>To be submitted.</p>
<p>5. Other requirements</p>	<p>- Designation of the LGU contact person mainly responsible for correspondence with the BSP; contact numbers such as email address, telephone and fax numbers.</p> <p>-Information from the LGU on whether the proceeds of the proposed loan will be used for any imports.</p> <p>-Information from the bank on the following: 1) How does the bank call the particular account in their assets from which they will draw to fund the loan of the LGU? 2) Is this account part of the bank's excess reserves? Is it part of the bank's deposit with the BSP?</p>	<p>Summary information should be provided.</p> <p>Specific information should be provided.</p>

⁶ A resolution that supports the waiver letter, following the said pro-forma waiver, and showing the signatures of the approving majority of the members of the Sangguniang Barangay/Bayan/Panlungsod/Panlalawigan, should be submitted. H:\RESRG\DP1-PERMANENT - RESRG\Request for MR Opinion_RESRG\Updated LGU Annexes Oct 2011\Annex A-status of requirements.doc

Item	Documents Required	Status
(further, per Local Government Code, Sec. 56. Review of Component City and Municipal Ordinances or Resolutions by the Sangguniang Panlalawigan)	- Provincial validation (resolution or certification) of the municipal/ city ordinance (except those of chartered cities); or municipal/city validation of a barangay ordinance	To be submitted, unless the proponent declares that the city is a chartered city.
In accordance with the Local Government Code , the ordinance authorizing the loan should: a) state the specific purpose/project(s) for which the proposed indebtedness is to be incurred;	- Complete specific project name(s) and/or specific purpose(s), and corresponding amount(s); ⁵ - Construction project cost with major breakdown for each specific project item of any program mentioned; - Summary cost of the borrowing (Annex C);	To be incorporated into the main text of the Ordinance, and not as an annex. To be incorporated into the main text (not as annex) of the Ordinance to be executed and submitted. To be submitted. (Please indicate who will shoulder the cost of the borrowing.)
b) certify that the project(s) to be financed by the loan is/are a self-liquidating, income-producing development or livelihood project/s pursuant to the priorities established in the approved local development program and the public investment program"; and	- Certification by the Sanggunian (as a section in the Ordinance)	To be incorporated into the Ordinance.
c) state the terms and conditions of the loan.	- Terms and conditions (see examples shown in Annex B1) - Detailed mechanics of the transactions among the major parties involved (information required to allow analysis of the monetary implications).	The major items of the terms and conditions should be incorporated into the main text of the Ordinance. This includes the basic description and breakdown of each of the various development projects as well as the purposes of the borrowing and the other terms and conditions (see Annex B1).
2. A copy of the resolution designating the LGU representative, including the specific acts/services that the representative has been authorized to perform.	- Designation of representative, if any, usually through a resolution.	None indicated, but if convenient, the appropriate Bank Branch may be designated as authorized representative for specific purposes in your next letter or through a Sanggunian Resolution.

⁵ If one of the purposes is to refinance an earlier loan, then a summary report on the following should be provided: a) status of the borrowing/repayments; b) the status of implementation and/or operationalization of the projects funded; and c) summary background on the project.