

[PRESIDENTIAL DECREE NO. 1309, March 03, 1978]

AUTHORIZING THE CENTRAL BANK OF THE PHILIPPINES TO ENGAGE IN SPECIAL BORROWING AND LENDING OPERATIONS

WHEREAS, setting the foundation for long-term growth has been and still continues to be the main thrust of the country's development effort;

WHEREAS, substantial foreign financing at the least possible cost has to be continuously provided to maintain the momentum of economic growth that has already been established;

WHEREAS, this objective can best be realized through an integrated approach, rather than individual uncoordinated approaches, to the international capital markets;

WHEREAS, because of its unique position in the economy and its credit standing in the international capital markets, the Central Bank possesses the negotiating leverage essential to this borrowing strategy;

WHEREAS, it is necessary to afford the Central Bank greater flexibility in its actions to enable it to undertake the borrowing and lending operations required to achieve this objective;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order:

SECTION 1. The Central Bank is hereby authorized to borrow from foreign banks and other foreign or international agencies, both public and private, for the purpose of financing the special credit operations described in Sec. 2 hereof.

SECTION 2. Under special circumstances where the Monetary Board deems it in the national interest, and notwithstanding the provisions of any existing law to the contrary, the Central Bank may grant loans to the Government or to banking institutions from the proceeds of foreign loans obtained by it subject to such terms and conditions as the Monetary Board may prescribe, for the following and analogous purposes:

- a. To lend to banking institutions for relending such funds as may be required to finance approved projects;
- b. To finance Government development projects for which financing from official development assistance (ODA) sources cannot be obtained; and
- c. To refinance existing foreign obligations obtained at relatively more onerous terms.

The Monetary Board shall establish safeguards as it may deem proper to prevent undue inflationary effects of the above-mentioned lending operations and shall issue such rules and regulations as may be necessary to insure a rational and coordinated approach to the international capital markets.

SECTION 3. This Decree shall take effect immediately.