

**SENATE**

S. No. 278

REGISTERED



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Introduced by **Senator Francis G. Escudero**

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**AN ACT**  
**MANDATING THE FULL ACCOUNTING OF ALL DISASTER-RELIEF AID OR**  
**DONATIONS RECEIVED BY THE PHILIPPINE GOVERNMENT FOR NATURAL**  
**AND HUMAN-INDUCED CALAMITIES**

EXPLANATORY NOTE

In the aftermath of the extremely destructive super typhoon Yolanda (international codename: Haiyan) that struck our country in 2013, an outpouring of support in the form of cash and in-kind donations were directed to the Philippines by both local and foreign donors. In response to media reports alleging instances of corruption with respect to the utilization and accounting of the donated funds, then-Senator Miriam Defensor-Santiago introduced Proposed Senate Resolution No. 363 entitled:

*RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE NEED FOR TRANSPARENCY AND ACCOUNTABILITY WITH REGARD TO INCOMING FOREIGN AND LOCAL AID FOR THE VICTIMS OF SUPER TYPHOON YOLANDA*

which was later referred to the Committee on Finance.

On February and March 17, 2014, the Committee of Finance conducted a hearing on the bills referred to it, including the said resolution. Subsequently, a Technical Working Group meeting was conducted by the committee to which resource persons from the Department of Foreign Affairs, Department of Budget and Management, Department of Finance and Commission on Audit were invited.

From the above-mentioned hearings and TWG meeting, one of the findings was that no single agency in the government had sole possession and knowledge of the total amount of local and foreign donations for the victims of Super Typhoon Yolanda. The Foreign Aid Transparency Hub or FAITH, an online information portal created by

the national government, captures only the foreign aid pledged and received by the county for the victims of Yolanda. It does not include the foreign or local donations that were deposited directly to the accounts of various departments or agencies, or the foreign or local donations received directly by the affected local government units.

The above findings indicated the need to institutionalize, preferably through legislation, a mechanism for the monitoring and accounting of all foreign and local donations for natural and man-made calamities. In addition, the public clamor for transparency and accountability in the utilization of the monetary and non-monetary aid received from foreign and local beneficiaries calls for proactive action from the Commission on Audit.

In view of the foregoing, the approval of the bill is earnestly sought.



**FRANCIS G. ESCUDERO**

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*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assemble*

1           Section 1. *Title.* - This Act shall be known as the "*Donation Transparency Act*".

2           Sec. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to  
3 promote transparency and accountability in the receipt and utilization of domestic and  
4 foreign donations received by government agencies and instrumentalities for natural  
5 and human-induced calamities that cause havoc and destruction in the country.

6           Sec. 3. *Coverage.* – This Act shall cover all foreign and local donations directed  
7 to the national government, government-owned or- controlled corporations (GOCCs)  
8 and local government units (LGUs) from all sources, such as foreign governments,  
9 bilateral or multilateral organizations and institutions, and private individuals or  
10 groups.

11          Sec. 4. *Definition of Terms.* – For purposes of this Act:

12          (a) *Disaster* shall refer to the following: (1) a serious disruption of the  
13 functioning of a community or a society involving widespread human, material,  
14 economic, or environmental losses and impacts, which exceeds the ability of the  
15 affected community or society to cope using its own resources; (2) the result of the

1 combination of: (i) the exposure to a hazard, (ii) the conditions of vulnerability that  
2 are present, and (iii) insufficient capacity or measures to reduce or cope with the  
3 potential negative consequences, and (3) an event that causes loss of life injury,  
4 disease, and other negative effects on human, physical, mental, and social well-being,  
5 together with damage to property, destruction of assets, loss of services, social and  
6 economic disruption, and environmental degradation;

7 (b) *Donation* shall refer to any cash or non-cash aid or grants received by the  
8 government for the purpose of disaster relief, recovery or rehabilitation.

9 (c) *Donor* shall refer to foreign governments, bilateral or multilateral  
10 organizations and institutions, private individuals or associations that donate cash or  
11 non-cash aid or grants to the Philippine government for the purpose of disaster relief,  
12 aid or rehabilitation.

13 (d) Donee shall refer to departments, bureaus, and offices of the national  
14 government including constitutional offices, state universities and colleges (SUCs),  
15 GOCCs and LGUs that receive donations from various sources.

16 (e) *Donation in Cash* shall refer to cash assistance from a donor entity/individual  
17 to the Philippine government through any of its agencies or instrumentalities.

18 (f) Donations in Kind shall refer to assistance provided in kind, including but  
19 not limited to food, clothing, medicine and equipment coming from the donor  
20 entity/individual to a specific government agency or instrumentality for the purpose of  
21 disaster relief, recovery and rehabilitation efforts.

22 Sec. 5. *Donations.* – Departments, bureaus and offices of the National  
23 Government, including constitutional offices enjoying fiscal autonomy, SUCs, GOCCs  
24 and LGUs may accept donations in cash or in kind from various sources, domestic or  
25 foreign, for purposes relevant to their respective functions, and which shall be used  
26 to cover aid, relief and rehabilitation, repair and reconstruction of permanent  
27 structures affected by natural and man-made calamities. Such donations, whether in  
28 cash or in kind, shall be deemed automatically appropriated.

1           Sec. 6. *Utilization and Treatment of Donations.* – Donations shall be utilized in  
2 accordance with the purpose identified by the donor. Donations for a specific purpose,  
3 as identified by the donor, shall be treated as trust receipts: *Provided,* That in case  
4 the donor does not identify a specific project or activity to be funded, such donation  
5 shall be considered as disaster aid for the use of the Department of Social Welfare  
6 and Development: *Provided, further,* That donations intended for program support for  
7 disaster in general shall be booked as income of the National Government or the LGU  
8 concerned, as the case may be.

9           Sec. 7. *Cash Donations.* – All cash donations shall be deposited under the  
10 account of the Bureau of Treasury (BTr), except when the donation is made directly  
11 to the agencies, in which case the done agency shall inform the BTr of cash donation  
12 upon receipt thereof: *Provided,* That if the donation is made directly to an LGU, the  
13 Bureau of Local Government Finance (BLGF) shall be informed upon its receipt of the  
14 cash donation for purposes of consolidating the quarterly reports to be submitted to  
15 the Office of Civil Defense (OCD) acting as secretariat of the National Disaster Risk  
16 Reduction and Management Council (NDRRMC). An official receipt shall be issued by  
17 the done agency or LGU concerned for cash donations received.

18           Donations in foreign currency shall be converted to the Philippine Peso at the  
19 prevailing rate at the time of the receipt of the donation. Donations shall be recorded  
20 in the books of the BTr as income or trust receipts.

21           The amounts received by the donee agency shall thereafter be deposited to the  
22 account of the Treasurer of the Philippines, and shall be made available to the  
23 implementing agency concerned through a Special Budget pursuant to Section 35,  
24 Chapter 5, Book VI of Executive Order No. 292: *Provided,* That if the done agency is  
25 an LGU, the same shall be deposited to the account of the Local Treasury as a separate  
26 special account maintained in every provincial, city or municipal treasury and recorded  
27 as a Trust Fund under the Special Funds pursuant to Section 309 (b) Article I, Chapter  
28 II, Title V, Book II of the Republic Act No. 7160, otherwise known as the Local  
29 Government Code.

1 In no case shall the cash donation be used for payment of Personal Services of  
2 any government agency or instrumentality, or any other expenses not related to  
3 disaster relief, recovery and rehabilitation efforts.

4 *Sec. 8. Donations in Kind.* – For donations in kind, an acknowledgement receipt  
5 shall be issued to the donor by the done agency concerned. The value of donated  
6 Property, Plant and Equipment (PPE) shall be based on the declared value in the Deed  
7 of Donation or the bill of lading/airway bill/parcel notice and other related documents.  
8 The fair market value/appraised value shall be used in the absence of declared value.  
9 The done agency shall submit either in printed form or by way of electronic document  
10 to the OCD, quarterly reports on the receipt of donations in kind: *Provided*, That the  
11 LGU concerned shall submit to OCD through BLGF all donations in kind that they have  
12 received: *Provided, further*, That the Bureau of Customs (BOC), which processes all  
13 foreign donations pursuant to Section 18 of Republic Act No. 10121, otherwise known  
14 as the “Philippine Disaster Risk Reduction and Management Act”, shall submit a report  
15 on the conditionally-free importation under this section to the OCD.

16 The head of the done agency or LGU concerned shall be primarily responsible  
17 for the accounting and safeguarding of all donated supplies, materials, equipment and  
18 relief goods against loss and wastage.

19 *Sec. 9. Foreign Donations.* – Foreign donations, whether in cash or in kind,  
20 from foreign governments shall be subject to the prior clearance and approval of the  
21 President upon the recommendation of the Department of Foreign Affairs (DFA). The  
22 DFA shall also submit to OCD a report on foreign donations that it has processed.

23 *Sec. 10. Consolidated Reports.* – The head of the done agency and the agency's  
24 web administrator or his/her equivalent shall be responsible for ensuring that the  
25 quarterly report of all donations received, whether in cash or in kind, are posted on  
26 the agency's official website.

27 The BTr shall submit to OCD a quarterly report on all amounts deposited under  
28 the special account it maintains for all donations received, including the amount  
29 retained by the done agency under Section 7 of this Act.

1           The DFA shall likewise submit a report on all pledges made by foreign  
2 governments, bilateral or multilateral organizations and institutions, private foreign  
3 individuals or groups to the Philippine government for disaster relief, aid, or  
4 rehabilitation to OCD.

5           The OCD shall submit, either in printed form or by way of electronic document,  
6 to the Department of Budget and Management (DBM), the House Committee on  
7 Appropriations and the Senate Committee on Finance, a consolidated quarterly report  
8 of all submissions made to OCD under this Act. The Executive Director of the OCD and  
9 the NDRRMC's web administrator or his/her equivalent shall be responsible for  
10 ensuring that said quarterly reports are likewise posted on the official website of the  
11 NDRRMC.

12           *Sec. 11. Implementing Rules and Regulations.* – The DBM, OCD, DOF, DFA,  
13 Department of the Interior and Local Government and the Commission on Audit shall  
14 promulgate the Implementing Rules and Regulations (IRR) for the implementation of  
15 this Act within thirty (30) days from its approval.

16           *Sec. 12. Separability Clause.* – If any provision or part hereof is held invalid or  
17 unconstitutional, the remainder of the law or the provision or part not otherwise  
18 affected shall remain valid and subsisting.

19           *Sec. 13. Repealing Clause.* – All laws, presidential decrees, executive orders,  
20 rules and regulations, or parts thereof which are inconsistent with the provisions of  
21 this Act are hereby repealed, amended, or modified accordingly.

22           *Sec. 14. Effectivity.* – This Act shall take effect fifteen (15) days after its  
23 publication in the Official Gazette or at least two (2) newspapers of general circulation.

*Approved,*