

ANNEX 3

REPUBLIC ACT NO. 8555 AN ACT AMENDING REPUBLIC ACT NO. 8182, AND FOR OTHER PURPOSES

SECTION 1. Republic Act No. 8182 is hereby amended to include a new Section 11-A to read as follows:

"SEC. 11-A. In the contracting of any loan, credit or indebtedness under this Act or any law, the President of the Philippines may, when necessary, agree to waive or modify the application of any provision of law granting preferences in connection with, or imposing restrictions on, the procurement of goods or services: *Provided, however,* That as far as practicable, utilization of the services of qualified Filipino citizens or corporations or associations owned by such citizens in the prosecution of projects financed under this Act shall be prepared on the basis of the standards set for a particular project: *Provided, further,* That the matter of preference in favor of articles, materials, or supplies of the growth, production or manufacture of the Philippines, including the method or procedure in the comparison of bids for purposes therefor, shall be the subject of agreement between the Philippine Government and the lending institution."

SECTION 2. Section 4 of Republic Act No. 8182 is hereby amended to read as follows:

"SEC. 4. *Use of ODA for equitable development.* — The proceeds of ODA shall be used to achieve equitable growth and development in all provinces through priority development projects for the improvement of economic and social service facilities taking into account such factors as land area, population, scarcity of resources, low literacy rate, infant mortality and poverty incidence in the area: *Provided,* That rural infrastructure, countryside development and economic zones established under the PEZA law shall be given preference in the utilization of ODA funds. Towards this end, the National Economic and Development Authority (NEDA) shall endeavor to obtain ODA funds from donor countries, which shall approximately be five percent (5%) of the total ODA loan from the immediately preceding year. Said funds shall be administered by the NEDA for project identification, feasibility studies, master planning at local and regional levels, and monitoring and evaluation: *Provided, further,* That ODA shall not be availed of or utilized directly or indirectly for the following:

"(a) Telephone programs contracted as of 1 January 1996 except basic telephone programs and projects for rural areas not adequately serviced and/or currently developed by private enterprises shall be entitled to ODA loan availments;

"(b) Projects mandated primarily by law to be served by the private sector; and

"(c) Financing for private corporations with access to commercial credit.

"The NEDA shall ensure that the ODA obtained shall be for previously identified national priority projects which are urgent or necessary. ODA shall not be accepted or utilized solely because of its availability, convenience, or accessibility."

SECTION 3. *Effectivity.* — This Act shall take effect after five (5) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation whichever date comes first.

Approved: February 26, 1998