

ADMINISTRATIVE ORDER NO. 45

AMENDING ADMINISTRATIVE ORDER NO. 75 BY ABOLISHING THE EXECUTIVE COMMITTEE OF THE BAGONG KILUSANG KABUHAYAN SA KAUNLARAN/ NATIONAL LIVELIHOOD SUPPORT FUND AND DIRECTING THE LAND BANK OF THE PHILIPPINES TO TRANSFER THE MANAGEMENT OF ALL ITS APPLICABLE AND EXISTING FUNDS, PROPERTIES, EQUIPMENT AND RECORDS AS A TRUST FUND TO THE PEOPLE'S CREDIT AND FINANCE CORPORATION

WHEREAS, pursuant to Section 37 of Republic Act No. 6657 (1988), the *Bagong Kilusang Kabuhayan sa Kaunlaran (BKKK)* Secretariat was transferred and attached to the Land Bank of the Philippines (LBP) for its supervision including all its applicable and existing funds, personnel, properties, equipment and records;

WHEREAS, Administrative Order No. 75 dated August 6, 1993, as amended, implementing Section 37 of Republic Act No. 6657, created an Executive Committee through which LBP exercised its supervision over BKKK Secretariat and BKKK Capital Fund/National Livelihood Support Fund;

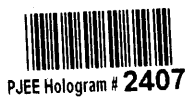
WHEREAS, the People's Credit and Finance Corporation (PCFC) was created by virtue of Administrative Order No. 148 dated 8 September 1994 and Memorandum Order No. 261 dated 9 February 1995 to provide affordable credit to the marginalized sectors of the population, with an initial capitalization of P100 million coming from NLSF;

WHEREAS, Republic Act No. 8425 (Social Reform and Poverty Alleviation Act) designated PCFC as the vehicle for the delivery of microfinance services for the exclusive use of the poor, and as a government-owned and controlled corporation, the lead entity specifically tasked to mobilize financial resources from both local and international funding sources for microfinance services for the exclusive use of the poor;

WHEREAS, Memorandum Order No. 11 dated August 13, 1998, directed the LBP to invest additional P900 million from the capital funds of NLSF to PCFC to provide additional capital for its expanded mandate, and in compliance with government's commitment to Asian Development Bank and International Fund for Agricultural Development to provide additional counterpart funding to PCFC;

WHEREAS, despite the infusion of the above funds to PCFC, there is still a great need for additional funds for poverty alleviation, to enable the government to help at least 2 million assetless poor by year 2004 through the provision of microfinance services;

WHEREAS, the Office of the President was authorized under Executive Order No. 238 dated July 22, 1987 to establish new fund delivery system in addition to or in lieu of the existing ones, exclusively for the promotion and development of livelihood opportunities, and the BKKK Capital Fund/NLSF has available funds that could be used for the provision of microfinance services for the poor;



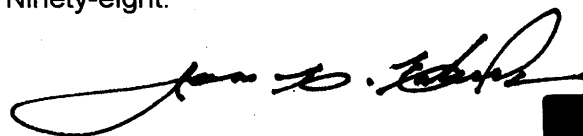
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WHEREAS, the objectives and programs of BKKK/NLSF and PCFC are similar and there is a need to attain efficiency in the delivery of microfinance services by rationalizing and consolidating them in one entity.

NOW, THEREFORE, I, JOSEPH EJERCITO ESTRADA, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

1. The Executive Committee of the Bagong Kilusang Kabuhayan sa Kaunlaran (BKKK)/National Livelihood Support Fund is hereby abolished and its functions transferred to the People's Credit and Finance Corporation (PCFC);
2. The LBP is hereby directed to transfer the management of all funds, properties, equipment and records of the BKKK Secretariat and BKKK Capital Fund/National Livelihood Support Fund, as a Trust Fund to PCFC;
3. The trust fund to be created shall be known as the "EFFECTIVE RESPONSE TO ALLEVIATE POVERTY (ERAP) TRUST FUND", and the same shall be used exclusively for microfinance services for the poor, such as credit delivery, capital investments in microfinance institutions, capacity building, and the like;
4. A seat in the PCFC Board of Directors shall be allocated for the representative of Trust Fund;
5. The Trust shall be for a period of twenty five (25) years and renewable;
6. PCFC may, in its determination, retain or absorb as many personnel of the BKKK/NLSF Secretariat as are qualified and as it needs in its operations, *provided*, that those who may not be absorbed by the PCFC shall be entitled to separation benefits equivalent to two months salary for every year of service;
7. PCFC shall submit annual reports of the Trust to the Office of the President;
8. All executive issuances or portions thereof inconsistent with the provisions of this Administrative Order are hereby amended, modified or revoked accordingly.
9. This Order takes effect immediately.

Done at Malacañang, Manila, this 22nd day of DECEMBER in the Year of the Lord, Nineteen Hundred and Ninety-eight.



By the President:



RONALDO ZAMORA
Executive Secretary



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