

EXECUTIVE ORDER NO. 110

MFN 10479

DIRECTING THE PEOPLE'S CREDIT AND FINANCE CORPORATION TO ADMINISTER THE PEOPLE'S DEVELOPMENT TRUST FUND AND FOR OTHER PURPOSES

WHEREAS, the People's Development Trust Fund, hereafter referred to as the PDTF, was established under Republic Act No. 8425, hereafter referred to as the Social Reform and Poverty Alleviation Act;

WHEREAS, the PDTF shall be used for the development of a nationwide network of viable and sustainable microfinance institutions and micro-enterprise business development service groups that are able to deliver effective and efficient microfinance services to the poor and help them develop enterprises;

WHEREAS, the PDTF shall be used to systematically provide funding for microfinance and micro-enterprise capability building with parallel efforts in providing a supportive and appropriate policy environment and institutional framework for a private-led micro-financial market;

WHEREAS, under the Social Reform and Poverty Alleviation Act, the President of the Philippines shall assign the administration of the PDTF to any existing government department or agency based on expertise, organizational capability and orientation or focus;

WHEREAS, the People's Credit and Finance Corporation, hereafter referred to as the PCFC, is a government-controlled corporation registered with the Securities and Exchange Commission pursuant to Administrative Order No. 148 dated September 8, 1994;

WHEREAS, the Social Reform and Poverty Alleviation Act provides that the PCFC shall be the vehicle for the delivery of microfinance services and the lead government 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, under the Social Reform and Poverty Alleviation Act, the National Anti-Poverty Commission, hereafter referred to as NAPC, shall monitor the utilization of the PDTF.

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. PDTF Administrator. The PCFC shall directly administer the utilization of the PDTF. With the approval of the Department of Finance, the PCFC shall (i) deposit the PDTF in a duly authorized banking institution; and/or (ii) invest the PDTF in government securities. The PCFC shall not have the authority to invest the PDTF in other securities or assets.



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SECTION 2. Sources and Structure of the PDTF. The PDTF is a trust fund intended for the development and strengthening of institutions involved in providing microfinance and micro-enterprise services to the poor. The Corpus of the PDTF, as defined hereunder, seeks to establish a continuing source of funds for building the capacity of microfinance institutions to provide sustainable financial services for the poor. The PDTF Income, as defined hereunder, shall be directly utilized for implementing microfinance and micro-enterprise capability building programs and projects.

The Corpus of the PDTF is the amount allotted by the Social Reform and Poverty Alleviation Act for the PDTF, amounting to a total of Four Billion and Five Hundred Million Pesos (₱4,500,000,000.00) over a span of ten years and other additional amounts provided through voluntary contributions, grants and gifts from both local and foreign sources, as may be accepted or decided on by NAPC. Any amount added to the PDTF shall form part of the Corpus of the PDTF, unless the donor, contributor or grantor expressly provides as a condition that the amount be included in the disburseable portion of the PDTF.

The PDTF Income consists of the earnings of the PDTF. The PDTF Income shall constitute the disburseable portion of the PDTF and shall also include additional amounts expressly donated, contributed or granted as part of the disburseable portion of the PDTF. Any undisbursed income for the preceding year shall form part of the disburseable portion of the PDTF in the following year.

SECTION 3. Uses of the PDTF Income. The PDTF Income shall be utilized for the following purposes, as provided under Section 11 of the Social Reform and Poverty Alleviation Act:

- a. Consultancy and training services for microfinance institutions and their beneficiaries on the establishment of the necessary support services, social and financial preparation of beneficiaries, preparation of plans and programs including fund sourcing and assistance, establishment of credit and savings monitoring and evaluation mechanisms;
- b. Scholarships or training grants for microfinance staff and officers, and selected beneficiaries;
- c. Community organizing for microfinance, livelihood and micro-enterprise training services;
- d. Livelihood/micro-enterprise project/program feasibility studies and researches;
- e. Savings mobilization and incentive programs, and other similar facilities;



- f. Information and communication systems such as baseline surveys, development monitoring systems, socio-economic mapping surveys, organizational assessments and other similar activities;
- g. Legal and other management support services such as registration, documentation, contract review and enforcement, financial audit and operational assessment;
- h. Information dissemination of microfinance technology; and
- i. Other activities to support microfinance, as approved by the PCFC.

SECTION 4. *Access to the PDTF.* The PDTF may be accessed by the following:

- a. Registered microfinance organizations engaged in providing micro-enterprise services for the poor to enable them to become viable and sustainable;
- b. Local government units providing microfinance and micro-enterprise programs to their constituents: *Provided*, That the PDTF shall not be used by the local government units for personal services and maintenance and other operating expenses; and
- c. Local government units undertaking self-help projects where at least twenty-five percent (25%) of the total earnings of the PDTF shall be used exclusively for the provision of materials and technical services.

As PDTF Administrator, the PCFC shall not qualify as a grantee of the PDTF.

SECTION 5. *Termination of the Administration of the PDTF.* The President shall have the sole authority to terminate or withdraw the authority of the PCFC to administer the PDTF. In the event that the authority of the PCFC to administer the PDTF is terminated or withdrawn, it shall ensure the orderly and efficient transfer of all records, books of accounts, assets and liabilities directly relating to the PDTF.

The President may, from time to time, require the PCFC to submit reports on the status of the PDTF, utilizations of the PDTF Income and other related matters.

SECTION 6. *Monitoring the PDTF.* NAPC shall monitor the utilization of the PDTF. For this purpose, NAPC shall:

- a. Source funds for the establishment and augmentation of the PDTF;
- b. Recommend to the PCFC the accreditation of organizations and institutions that shall act as resource partners in conducting institutional development and capability building activities for



accredited organizations and beneficiaries of microfinance and micro-enterprise programs;

- c. Ensure that validation and monitoring activities are conducted for funded institutional development and capability building projects/programs/beneficiaries;
- d. Promote research and development work on livelihood and microfinance technology and publications/communications programs that assist the poor beneficiaries; and
- e. Perform other oversight functions.

The Lead Convenor of the NAPC shall, in an *ex-officio* capacity, represent the NAPC in the Board of Directors of the PCFC.

SECTION 7. Repealing Clause. All executive orders, issuances, rules and regulations, or parts thereof, inconsistent with the provisions of this Executive Order are hereby repealed, amended or modified.

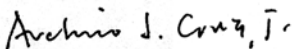
SECTION 8. Separability Clause. If any provision of this Executive Order is held unconstitutional or invalid, other parts or provisions thereof which are not affected shall continue to be in full force and effect.

SECTION 9. Effectivity. This Executive Order shall take effect fifteen (15) days from publication in two (2) newspapers of general circulation.

City of Manila, June 20, 2002.



By the President:



AVELINO J. CRUZ, JR.
Acting Executive Secretary



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