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Department of Social Welfare and Development
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**DSWD's IMPLEMENTING GUIDELINES
ON THE PGMA's MICRO-FINANCING
and ENTERPRISE DEVELOPMENT PROGRAM**

1.0 Rationale

In line with the thrust of the present Administration to sustain the country's economic growth through the establishment of micro-enterprises nationwide, a PGMA Micro-Financing and Enterprise Development Program shall be set up by the Office of the Special Projects-President Management Staff (OSP-PMS) in coordination with the Department of Social Welfare and Development.

The amount of P1M each for every district/city/municipality earlier released by the President from the Presidential Social Fund (PSF) to local government units and congressional districts under EO 176 "Isang Bayan, Isang Produkto, Isang Milyong Piso Program" shall be utilized for the purpose.

Due to the stringent loan application requirements of GFIs, and limitation of the coverage of EO 176, majority of the recipients could not qualify for GFIs loans. Hence, these funds were returned to the Office of the President for re-issuance to DSWD or direct to the identified beneficiaries of the Congressmen.

The President, in her memorandum dated 18 November 2003, directed the DSWD to lead the implementation of the Program utilizing key features of the Self-Employment Assistance (SEA-K) Kaunlaran Program scheme in the implementation of the micro-financing programs and other livelihood/micro-enterprise projects of local government units, district congressmen, barangay councils and associations/organizations under the PGMA's Micro-Financing and Enterprise Development Program.

Hence, this guideline is issued to supplement the OP-PSF Implementing Guidelines.

2.0 Program Objectives

The specific objectives of the Micro-Financing and Enterprise Development Program are as follows:

- 2.1 Pursue the implementation of other micro-enterprises/livelihood projects which could not avail of loans from government financing institutions (GFIs) under the "Isang Bayan, Isang Produkto, Isang Milyon Piso" program and SME Unified Lending Opportunities for National Growth (SULONG) Program;
- 2.2 Allow the implementation of micro-financing projects by newly organized associations/organizations; and
- 2.3 Address the decline of employment on agriculture sector due to El Nino, through the provision of loans under a micro-financing scheme

3.0 Program Components

The implementation of the PGMA Micro-Finance and Enterprise Development Program has the following components:

3.1 Social Preparation

- The social preparation aspects involves coordination by the DSWD Offices with the concerned Congressperson/LGUs and other entities with regards to identification of beneficiaries. This is a process of socio-economic assessment and community awareness raising by allowing them to experience the opportunity of being involved in the conduct of participative data gathering, analysis, identification of priority needs and problems, appraisal of community resources and formulation of community development goals/plans/activities. Beneficiaries will be organized into associations/groups utilizing key features of the DSWD SEA-K Program as conduits in the development process and implementation of the livelihood projects.

3.2 Capability Building

- The provision of capability building activities is a major part of the project implementation. This involves the conduct of training activities and other related sessions like values formation and entrepreneurial skills. This will be done in

coordination with other government and private agencies working in the area of the identified beneficiaries.

3.3 Provision of Loan Assistance

- This involves the provision of loan assistance to organized beneficiaries, associations/groups endorsed/identified by the Congressperson/LGUs as a credit facility for their members in establishing a feasible micro-enterprise that would generate sustainable employment and income.

3.4 Savings Mobilization for Equity Capital Build-Up and Related Funds Build-Up

- This involves savings mobilization and funds build-up which aims to ensure project sustainability in the course of managing the micro-enterprise businesses until the full return of the loan assistance. This motivates and enables the associations/groups members to progressively save and invest their own capital. Related funds build-up will include operating expenses, which will ensure availability of funds that will meet basic or essential operating expenses. Emergency funds will be utilized to support members who are faced with crisis and family emergencies such as deaths, serious illness, etc.

3.5 Accessing of Basic Social Services

- The associations/groups shall be trained on how they can access other needed services based on their needs. Existing NGOs and the local government units shall be coordinated to systematize active networking at the community level.

4.0 Implementing Strategy

Under this Program, there will be two (2) tracks of implementation, as follows:

- ### 4.1 Track 1. The DSWD shall directly implement the projects under the Program in close coordination with the concerned Congressperson/LGUs and other entities with regards to identification of beneficiaries.

- 4.2 Track 2. This track covers LGUs which were earlier granted cash advances by OSP-PMS but were unutilized and unreturned to PMS as of date. The DSWD Field Offices shall assist the LGUs in the implementation of micro-finance project preferably using the DSWDs SEA-K scheme for this track.
- 4.3 In the implementation of Tracks I and 2, the DSWD through its local counterpart shall provide appropriate technical assistance/services to its Program proponents such as project management, supervision, monitoring and evaluation and those enumerated under 3.0 above.
- 4.4 The endorsed/identified beneficiaries by the concerned Congressperson/LGUs shall be organized into associations/groups adopting key features of the SEA-K Program e.g. formation of association/group, savings mobilization, weekly meeting, opening of savings account, rollback collection, financial management system (FMS) and organizational development.
- 4.5 The loan assistance to be granted shall be based on the amount recommended per endorsed/identified associations/groups.
- 4.6 The loan assistance shall be released directly by the DSWD Regional Offices to the endorsed/identified associations/groups.
- 4.7 The individual beneficiary shall be charged with not less than 6% but not more than 10% interest rate per annum. The 6% shall be payable to PMS-PSF through the DSWD and the rest shall accrue to the account of the associations/groups.
- 4.8 The overall management of PGMA Program shall be the responsibility of the Operations and Capacity Building Group (OCBG) particularly the Program Management Bureau (PMB) while the DSWD Field Offices in coordination with the LGU Social Workers shall directly implement it.
- 4.9 The expenses for the salaries of one (1) Project Evaluation Officer (PEO II) in each of the Field Offices and one (1) Bookkeeper in Central Office and other administrative cost such as traveling, capability building activities, supplies and materials shall be sourced from the Program.

5.0 Implementing Guidelines

For Track 1:

- 5.1 The initial beneficiaries for the Program shall be those which were provided by the PMS. Proposed new beneficiaries shall be obtained by the Program Management Bureau (PMB) in coordination with Department Legislative Liason Office (DLLO) and the DSWD Field Offices from the Presidential Management Staff (PMS) and Congressperson and LGUs.
- 5.2 Social Preparation activities and organization into associations/groups shall be conducted with the beneficiaries by the DSWD Field Office PEOs in partnership with the LGU Social Workers.
- 5.3 Appropriate capability building activities on entrepreneurship, values formation, leadership, governance, etc. shall be conducted for the beneficiaries to acquire knowledge, skills and attitudes in managing a livelihood project.
- 5.4 A Tripartite Memorandum of Agreement (MOA) between the DSWD Field Offices, the organized associations/groups and the concerned Congressperson and/or LGUs similar to the ones used under the SEA-K, shall be undertaken prior to the release of the loan assistance.
- 5.5 A savings account shall be opened by the associations/groups of the PGMA Program with any government bank, but preferably with Land Bank of the Philippines, which facility shall be utilized later by the associations/groups in the weekly and monthly amortization of members to the Associations/Groups and Associations/Groups to the DSWD respectively .
- 5.6 The loan assistance shall be released to the beneficiaries in accordance with the implementing strategy under items 4.5, 4.6 and 4.7
- 5.7 Regular Meetings/Assemblies
 - The associations/groups shall meet weekly or on a regular basis at a time and place agreed upon by all the members during the duration of the project. Where associations are

already organized e.g. cooperatives, SEA-K, etc. they shall be encouraged to conduct regular meetings too.

- Attendance to all these meetings/assemblies should be enjoined and shall be a measure of the discipline of the members as well as in establishing each member's standing in the association/groups.

5.8 The DSWD shall provide continuous technical assistance, capability building to the associations/groups in collaboration with other agencies concerned.

For Track 2:

5.9 A memorandum shall be issued by PMS to all LGUs for the involvement of the DSWD in the implementation of the PGMA program in their locality through the provision of technical assistance.

6. Fund Management and Recovery

- 6.1 PMS-PSF shall transfer to DSWD the funds for the PGMA Program through a Memorandum of Agreement (MOA) between the two agencies. A trust account shall be opened for this purpose (***DSWD Central Office PGMA's Micro-Finance and Enterprise Development Program Fund***) preferably with the Land Bank of the Philippines
- 6.2 The DSWD Field Office shall also open a trust account (***DSWD Field Office PGMA's Micro-Finance and Enterprise Development Program Fund***) preferably with the Land Bank of the Philippines.
- 6.3 The DSWD Central and Regional Offices shall maintain a subsidiary ledger for the PGMA Micro-Finance and Enterprise Development Program Fund Trust Accounts.
- 6.4 The Regional Director shall submit Request for Fund Release (RFR) to OCBG through the PMB for the approved proposals of the associations/groups for the required fund transfer of the loan assistance to the Field Office PGMA Micro-Finance and Enterprise Development Program Fund Account. The supporting documents of the project proposals shall remain at the FO's SEA-Unit and shall be subject for audit. The RFR shall contain the certification of the

Regional Director for the completeness and accuracy of the supporting documents of the proposals. The Regional Director shall be fully accountable for all proposals recommended for release of funds.

- 6.5 The Loan assistance for the associations/groups shall be provided/released by the DSWD Field Offices in cheques in the name of the associations/groups, which shall be deposited to their respective savings account.
- 6.6 The release of the loan assistance to the individual members of the association/groups shall be done simultaneously.
- 6.7 Recovery of the loan assistance including interest from individual members shall follow the loan period under the SEA-K Program. Recovery from the associations/groups to DSWD Field Office (FO), DSWD FO to DSWD Central Office (CO), DSWD CO to PMS-PSF shall be within the maximum of five-year term inclusive of one (1) year grace period. There shall be four (4) modes of recovery, namely:
 - a) Individual members to the associations/groups shall be done on a weekly/regular basis depending on project cycle during their weekly/regular meetings. The weekly/regular collections shall be deposited to their respective savings account.
 - b) Associations/Groups to DSWD Field Office shall be done on a quarterly basis. The associations/groups shall directly remit their payment to the DSWD Regional Fund Account for this.
 - c) DSWD FO to DSWD CO shall be done on a semestral basis. The FO shall directly remit their payment to the DSWD CO Fund Account.
 - d) DSWD CO to PMS-PSF shall be done on a quarterly basis. The DSWD CO shall directly remit their payment to the PMS-PSF Fund Account.

7.0 Monitoring, Reporting and Evaluation

7.1 OP-PMS Project Monitoring Office

- 7.1.1 Shall undertake monitoring of the implementation of the Program as well as conduct audit at any time it may deem appropriate, in accordance with the existing government accounting rules and regulations

7.2 DSWD Central Office

- 7.2.1 Shall submit to the OP-PMS Project Monitoring Office financial/disbursement report with complete names, address and district of the associations/groups who have received the loan assistance
- 7.2.2 Shall submit program implementation and fund status reports to OP-PMS Project Monitoring Office and the concerned Congressmen/LGUs on a quarterly basis, or as often as necessary
- 7.2.3 Shall maintain a complete and accurate record and books of accounts indicating therein all the transactions affecting the project fund



7.3 DSWD Field Office

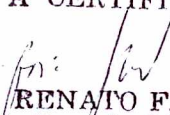
- 7.3.1 Shall submit to DSWD CO through the PMB on a monthly basis financial/disbursement reports with complete names, address and district of the associations/groups who have received loan assistance
- 7.3.2 Regular monitoring shall be done by the PEO and the LGU Worker on a weekly basis for the first six months of operation and at least twice a month thereafter to ensure proper documentation of the project and as basis for provision of technical assistance.
- 7.3.3 Shall submit quarterly program implementation and fund status reports to DSWD CO through the PMB within the end of each quarter
- 7.3.4 Shall maintain a complete and accurate record and books of accounts indicating therein all the transactions affecting the project fund

Both the DSWD Central Office and the OP-PMS Project Monitoring Office may conduct joint project monitoring visit once every semester.

The general evaluation of the PGMA's Micro-Finance and Enterprise Development Program shall be done once a year.

This Order shall take effect immediately.


CORAZON JULIANO SOLIMAN
Secretary


A CERTIFIED COPY:

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Records Officer III