

October 14, 2010

ADMINISTRATIVE ORDER NO.: 14
Series 2010

**Title: GUIDELINES ON THE IMPLEMENTATION OF THE SELF
EMPLOYMENT ASSISTANCE-KAUNLARAN (SEA-K)
FAMILY ENTERPRISE PROJECT**

I. BACKGROUND/RATIONALE:

The year 1991 was focused on further alleviating the conditions of the poor families from the low income communities. The delivery of appropriate and responsive social services made it possible for the family to function as a basic social institution.

In the same year DSWD extended self-employment assistance thru Family Enterprise to 7,796 families. This strategy uplifts the economic productivity of the poor families in sustaining their daily requirements. The income from family enterprise served as the safety net of the family to address recurrent expenses on medication, education, and other emergency in the event encountered by the family. The following year 1992, DSWD issued policy directions and thrusts which continued to give emphasis on strengthening the family as key factor in the social development at the micro-level and intensifying livelihood opportunities thru productive undertakings income generating projects (*DSWD 1991 Annual Report*). However in 1996, Department Order No. 45 was issued **"Policies for SEA-K Integrated Program Level I"** which redirect the thrust and directions of the program in response to the growing demands to integrate all livelihood-oriented projects into one umbrella program. This move has engendered a major revision of SEA-Kaunlaran program policies and their reconstitution into one set of common SEA-Kaunlaran Program that shall fit all categories of participants.

In support to the Aquino administration's direction on sustainable livelihood, the Department's livelihood program shall endeavor to bridge the gaps and address challenges in fighting poverty towards improvement of quality of life through the revival of family enterprise approach. The Livelihood program as one of the three (3) pillars in the department's poverty reduction program shall sustain the socio-economic capability of the poor above the marginal status until they graduate as non-poor. The convergence of the three major social protection programs - the Kapit-Bisig Laban sa Kahirapan – Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS) Project, the Pantawid Pamilyang Pilipino Program (4Ps) and the Self-Employment Assistance Kaunlaran (SEA-K) Program will achieve greater impact on poverty reduction thru a coordinated mechanism in the achievement of common objective to complement each other from zeroing beneficiaries to integrating and harmonizing duplicate or similar activities, processes and procedure.

The National Statistical Coordination Board (NSCB) estimated an increase in poverty incidence from 30% in 2003 to 33% in 2006, and an absolute increase in the number of people living in poverty from 23.9 million in 1997 to 27.6 million in 2006. The National Anti-Poverty Commission (NAPC) and NSCB (2005) estimated that 45% of all Filipinos remains vulnerable to poverty or are unable to protect themselves from income shocks that can push them into poverty. These shocks include those related to health, employment, natural disasters, civil unrest due to armed conflict, and food prices (World Bank, 2001).

In the Philippines, this socially and economically disadvantaged individuals and groups belong to the families with lowest income brackets (below poverty threshold line), the bottom strata of the population referred to as poorest of the poor, which include those who have skills for self-employment but who lack property for collateral or guarantors and would not be able to borrow from banks or use credit facilities for their capital in starting an income producing projects.

Since the SEA-K Integrated program was aimed at poverty redressal and poverty is essentially a family status, the implementation of SEA-K program shall be focused on the capability of the family to operate a micro-enterprise.

II. LEGAL BASIS:

The 1987 Constitution of the Republic of the Philippines – Section I Article XII states that the goal of economy are a more equitable distributions of opportunities, income and wealth; and an expanding productivity as the key to raising the quality of life for all, especially under privileged.

Republic Act 5416 – Known as the Social Welfare Act of 1968, it created the Department of Social Welfare to develop and implement a comprehensive social welfare program:

- Prevention and remedial programs and services for individual, families and communities.

III. OBJECTIVES:

General:

To improve the quality of life of vulnerable families through capability building and sustainable livelihood.

Specific:

1. To provide livelihood and income to economically active poor families to uplift their socio economic skills and status.
2. To access/enroll membership of family members to social insurance.

3. To access family members to a formal lending institutions for possible business expansion
4. To have opportunities in promoting close family ties and community participation.

IV. DEFINITION OF TERMS:

1. **Micro-Enterprise** - is a type of small business, often unregistered, having five or fewer employees and requiring seed capital of not more than Php10,000.
2. **Case Management** - is a collaborative process of assessment, planning, facilitation and advocacy for options and services to meet an individual's/family's basic requirements through communication and available resources to promote quality cost-effective outcomes.
3. **Social Welfare Indicator** -- is a tool to be used by a Social Worker that indicates the progress of the client to graduate them from a certain point of status of living.
4. **Non-poor** - is a segment of population categorized as self propelling/reliant and actively participate in the community activities, also able to meet the family basic requirements such as food, shelter, education and health.
5. **Economically Active Poor** - is a segment of population categorized as poor but who are nonetheless able to participate in informal economic activities for purposes of generating either main or supplemental income for the household.
6. **Capital Assistance** Funds used in the initial stage of family engaging to an enterprise to capitalize the project. The funds come from DSWD (Central Office and Regional Office)

V. DESCRIPTION OF THE PROJECT:

Self Employment Assistance-Kaunlaran Family Enterprise Project is the provision of capability building and capital assistance to the disadvantage families to undertake income producing projects and gain opportunities to develop positive work habits and attitudes, improve capacity to utilize labor and income oriented community services. The beneficiaries of the project will also gain occupational and business management skills, improved lifestyle and social consciousness and sense of responsibility.

It shall be specifically targeted to be implemented in low-income communities or barangays in depressed municipalities and/or cities.

VI. TARGET BENEFICIARIES:

The families to be identified as beneficiaries of the project shall have the following eligibility requirements:

1. With at least two or more members to actively participate/involve in the proposed family enterprise project activity.
2. Lack of access to formal credit sources (banks, cooperatives, formal lending investors, pawnshops, and other formally registered credit entities).
3. Belong to low income community as identified by the National Household Targeting System–Poverty Reduction (NHTS-PR).
4. Show positive relationships within the family and community and demonstrate positive work habits, attitudes, and aspiration for economic advancement using the intake sheet and means test to be conducted by the City/Municipal Social Welfare Development Officer (C/MSWDO) and DSWD Project Development Officer (PDO) assigned in the area.

VII. PROJECT COMPONENTS:

The project has four (4) components in the implementation of the project.

II. Social Preparation

This component involves the process of making the family become more aware of their own needs/problems, appraisal of their strengths and resources, and the formulation of plans/goals for their development. This will also include the assessment to be conducted by the C/MSWDO to gauge the readiness of the client or to determine some other pre-requisite services to be provided prior to the availment of the SEA-K family enterprise assistance.

III. Capability Building

This component will provide the beneficiaries knowledge and skills on basic business management, preparation of project proposal, project planning, feasibility study, simple bookkeeping, and budgeting. Value formation shall be provided to promote proper values and right attitude in managing the project.

IV. Capital Assistance

This component involves the provision of start up capital for the micro enterprise project depending on the proposed project requirements but not to exceed Php 10,000.00 per eligible family. The capital assistance extended to the families shall be returned to the DSWD within a maximum of two (2) years on a rollback term using an interest free and non-collateral scheme. The income from the project will serve as safety net for the requirements of the families in terms of daily expenses and other emergency expenses and savings when possible.

V. Monitoring and Evaluation

This component will ensure that the socio-economic progress of the family will be monitored regularly utilizing a monitoring system for the purpose. Evaluation shall be conducted by the team of social workers (LGU and DSWD) and project development officer involved in the project. The process will determine the progress of the status of the lives of the families through the conduct of case management system. The data result using Social Welfare Indicators (SWI) tools will be the basis of graduation of the client to non-poor.

VIII. PROJECT IMPLEMENTATION:

To implement the project, the following procedures shall be undertaken:

1. Identification of Project Location

Priority shall be given to depressed low-income communities or barangays that have potential resource-based economic activities included in the DSWD NHTS-PR data.

Once a roster of possible project sites had been shortlisted, the DSWD Field Office shall coordinate with the concerned LGU Chief Executive and Barangay Officials with the goal of thoroughly orienting them on the project scheme. More importantly, it should be made clear what the LGU role and counterpart would be.

An agreement to implement the project shall be manifested by a Memorandum of Agreement (MOA) detailing each parties' commitment and responsibilities.

2. Identification of Project Beneficiaries

The LGU assigned in the area and the PDO II shall construct a community profile to establish baseline information. This profile must be presented to the community during the assembly where the project will also be presented. The community members themselves will have to recommend potential/needful families who shall be the direct participants in the project.

The LGU worker and PDO II, will validate the eligibility of the recommended potential family beneficiaries through a proper intake, home visits, interview (personal and collateral), etc. Moreover, the potential member of the SKA should be able to pass the Means Test (to determine family income and assets). Once the eligibility of the potential members had been validated and completely satisfied, they shall be convened and formally recognized.

However, in the case of solo parent or individuals who have the capacity/skills in engaging into business, the SEA-K strategy for individual shall be applied as per Administrative Order 45 Series 1996.

3. Mandatory Trainings and Skills Enhancement

The eligible family members shall attend a three-day mandatory training. The purpose of the training is to ensure that potential beneficiaries understand the principles, rules and regulations, and procedures in the credit scheme of the SEA-K Family Enterprise before being accepted as beneficiary of the project. Part of the mandatory trainings is the preparation of feasibility study, project proposal, simple bookkeeping and budget and project planning.

The family members shall afterwards open its savings account. Even prior to the release of capital assistance, the beneficiaries is encouraged to pledge and deposit to their account. After the release of capital assistance, his/her weekly savings would be based on 50% of his weekly loan amortization payment.

4. Provision of Capital Assistance

a) Feasibility/Project Proposal Preparation

After the necessary training had been undertaken, the family members shall prepare a project proposal and submit the same to the LGU worker and PDO II for final appraisal and recommendation. Each qualified family shall be entitled to avail capital assistance with a maximum loanable amount of Php 10,000. However, it is discouraged for a family to engage in seasonal projects such as livestock, farming and other alike

projects that requires months to realize income. The project is intended for the augmentation of family income that will address financial gaps on its day to day requirements.

b) Release of Seed Capital Assistance

After the approval of the Field Director based on the recommendation of the LGU worker and PDO II, the regional field office shall prepare check in the name of the beneficiary to be deposited to the individual account (family member).

The family member will withdraw the amount deposited after the clearing period set by the bank.

c) Loan Utilization Check

Within five (5) days upon the release of capital assistance to the family member, the LGU worker and The PDO II will conduct utilization of capital assistance received by the beneficiaries to determine the efficient utilization of amount and the action to be taken.

5. Monthly Assemblies

The family members availed family enterprise within the same barangay or adjacent barangays shall attend a monthly assembly during the duration of the project operation (2 years). Attendance in all these meetings and assemblies is mandatory.

In this assembly, the following shall be the main agenda; the needed technical assistance or other assistance the beneficiary deemed necessary either from LGU or DSWD; the gaps and challenges encountered by the beneficiaries in the operation of their enterprise and how they were handled/resolved the matter; sharing of individual strategies for further learning and inspiration of other beneficiaries; updates and promote participation to community activities; and other concerns.

6. Loan Repayments

Every end of the month, the family member shall pay the amount in the amortization schedule and deposit directly the amount due to the Regional DSWD Revolving and Settlement Fund (DSWD-RSF). A deposit slip validated by the local LBP will serve as proof of payment of the Family member whom made the deposits. In case of force majeure occurrence that adversely affect the livelihood activity of the beneficiary, the Administrative Order No. 48, Series 2003 "Guidelines on the Management of SEA-K Cases shall be the basis in determining final course of action.

7. Savings Generation

Every end of the month, family enterprise member shall deposit the required savings of 50% of the amount principal paid to the RD-RSF. The amount representing savings shall be retained in the account of the beneficiary. The amount of savings shall be withdrawn only after one (1) year of operation of the micro-enterprise to be used for project expansion.

IX. FUND MANAGEMENT:

Capitalization shall be based on the project requirements proposed by the family, duly assessed and reviewed by the Project Development Officer, with a maximum loanable amount of Ten Thousand (Php10,000.00) per family.

The capital assistance extended to the families shall be returned to the DSWD within two (2) years of project operation. A possible re-loan for project expansion/growth can be availed by the family with good track records, both financial and social aspects.

X. PROGRAM STRATEGY:

As a general rule, the SEA-K family enterprise project shall be implemented through a singular strategy known as micro-enterprise strategy for family members. Through this strategy, qualified participants shall be identified based on needs and level of readiness to engage in business.

However, in recognition of certain valid reasons whereby certain potential families cannot join family enterprise, the project has design to extend the services through the assessment of beneficiaries' readiness for future involvement to the project (family enterprise).

XI. SUSTAINABILITY:

The family shall formulate sustainability plan in the aspects of operations and maintenance of the project as a guide in line with the objectives of the program. The plan should include the expansion/growth of the project and extension of service to other members of the community, as well as plans to utilize the income for sustainable family development.

To ensure the sustainability of the project, the Department and other partner agencies, together with the concerned LGUs and other stakeholders shall collaborate in the provision of services (technical assistance, funding/resource mobilization and monitoring) to the family's other needs.

The monitoring activity shall be done jointly by the DSWD SW and PDO assigned in the area by close coordination with the LGUs, and other stakeholders such as

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NGOs and POs present to augment the provision of services that the family requires to ensure success of the project and family development.

XII. INSTITUTIONAL ARRANGEMENT

1. Department of Social Welfare and Development (DSWD) – Program Management Bureau (PMB) Livelihood Division

- Continuously develop and enhance the guidelines for the Project.
- Provide technical assistance to the Field Offices regarding implementations of the program.
- Act as resource person for project related trainings/workshops/seminars when indicated.
- Conduct semestral monitoring and assessment on the project status in coordination with DSWD field officers.
- Provide recommendations for the enhancement of the project in achieving its objectives/goals and ensuring its reliance and responsiveness.
- Submit quarterly report (Executive Report) to the office of the Undersecretary for Office for Capability Building Group (OCBG) on or before the 15th of the following month of the quarter for inputs/instructions and functions and directions for project development.

2. DSWD Field Offices

- Forge Memorandum of Agreement with the LGUs (City/Municipal Level) where the projects will be implemented.
- DSWD Social Workers implementing community based programs to advocate the participation of their eligible clientele families for possible participation to SEA-K family enterprise.
- Conduct regular monitoring of the projects and the progress of the family and other enterprises and ensure close coordination with other partner agencies and LGUs in the implementation of the projects to ensure that these are in accordance with the project guidelines.
- Provide technical assistance and capability building to LGUs and SEA-K family beneficiaries when indicated.
- Submit monthly report (Financial and Social) to DSWD Central Office (PMB) on or before the 10th of the following month.

3. Local Government Units (LGUs)

- Institutionalize case management system for each family beneficiary including the identification and assessment in terms of readiness/preparedness of the potential beneficiaries for SEA-K family enterprise to be administered by the City/Municipal Social Worker as part of the case management.
- Facilitate provision of other support services to the family to ensure that they will graduate from the poverty threshold level.
- Provide logistic support and livelihood focal person counterpart in the implementation of the project/s.
- Submit monthly report (Financial and Social) to DSWD Regional Office on or before the 5th of each month covering the implementation for the receiving month.


4. Other NGAs including government-owned and controlled corporations and government financial institutions

- Coordinate with DSWD in accessing performing SEA-K family enterprise to the services provided by the concerned organizations.
- Extend capital assistance and engaged the families for business expansion.
- Extend other services for the development of the family as indicated.

XIII. EFFECTIVITY:

This Order shall take effect immediately and revokes/amends/rescinds all previous Orders or Issuances inconsistent hereto.

Issued in Quezon City this 17th day of Dec., 2010.


GORAZON JULIANO SOLIMAN
Secretary 