

ESTABLISHING THE PROCEDURE FOR FUNDING, CREDIT AND COLLECTION AND RELATED MATTERS IN THE KILUSANG KABUHAYAN AT KAUNLARAN (KKK)

LETTER OF INSTRUCTIONS NO. 1161, September 10, 1981

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TO:

The Minister of Human Settlements
The Director-General of Budget and Management
The Governor, Central Bank of the Philippines
The Chairman, Development Bank of the Philippines
The President, Philippine National Bank
The President, Land Bank of the Philippines
All others concerned

WHEREAS, the Kilusang Kabuhayan at Kaunlaran (KKK) is a new national movement that focuses on the implementation through livelihood projects of the imperatives of development;

WHEREAS, national budgetary resources totalling one billion pesos (P1,000,000,000) are being initially set aside to fund the livelihood projects, in the form of both loans and grants;

WHEREAS, primary importation is placed by the KKK on private enterprise and initiative;

WHEREAS, the magnitude of the resources devoted to KKK calls for the expeditious but careful handling of funds;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, do hereby order and instruct:

- The Office of Budget and Management shall release the sum of one billion pesos out of budgetary reserves of the national government as the Capital Fund of the KKK, upon request of the Minister of Human Settlements;
- The funds shall be released as follows: one hundred million pesos (P100 million) each to the Development Bank of the Philippines, the Philippine National Bank and the Land Bank of the Philippines and seven hundred million pesos (P700 million) to the Central Bank of the Philippines;
- The amounts remitted to the Development Bank of the Philippines, the Philippine National Bank and the Land Bank of the Philippines shall be in the form of equity investment by the national government in those banks. The cash received shall be set aside as the KKK Capital devolving Fund, to be utilized as the grant or "puhunan" component of the KKK program;
- The amount remitted to the Central Bank of the Philippines shall be held in trust and released to rural banks and other participating banking institutions as Special Time Deposits to be used for purposes of supporting the loan component of the KKK. The Special Time Deposits shall be made by the Central Bank on direction of the KKK;

- The CBP, DBP, PNB, and LBP shall be advised by the KKK of the loan and "puhunan" components of individual projects as soon as these are approved. The loan component shall be released by the CBP in accordance with the procedure described in item no. 4 hereof while the "puhunan" component shall be released by the DBP, PNB or LBP as the case may be, to the end user;
- Fund releases to end users, including the amounts of the loan and "puhunan" components and the financial institutions through which the loan component will be administered, shall be made in accordance with the project cycle and approval procedure;
- The "puhunan" component shall be released as indicated by the KKK. These funds shall be used exclusively for the KKK program and any income earned from the deposit or placement of such funds shall accrue to the fund;
- Loan and "puhunan" loans shall be collected by the financial institutions through which the funds were released to the end users and in accordance with the original project approval;
- Loans granted by banks for approved livelihood projects may be rediscounted with the Central Bank for purposes of supporting further KKK projects, in accordance with such terms and conditions as may be approved by the Central Bank;
- Loans and "puhunan" releases, including those made out of Central Bank rediscounts, shall be guaranteed by the KKK Capital Fund held by the Central Bank. Guarantee payments shall be deducted from the KKK Capital Fund and remitted to the institutions concerned;
- The KKK shall assign the Capital Fund to the various regions, provinces, cities or municipalities for purposes of indicating a working figure for loan and "puhunan" approvals in the localities concerned. Approved loans and "puhunan" shall be charged to the Capital Fund assigned to the locality. Similarly, collections shall be credited and guarantees made good shall be charged to the Fund thus assigned.

Done in the City of Manila, this 10th day of September, in the year of Our Lord, nineteen hundred and eighty-one.

(Sgd.) FERDINAND E. MARCOS

President of the Philippines

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