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REVISED IMPLEMENTING GUIDELINES FOR THE WORKING YOUTH CENTER (WYC) PROGRAM CREDIT AND LIVELIHOOD ASSISTANCE

DOLE DEPARTMENT ORDER NO. 8, April 16, 1996

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In the interest of the service and in conjunction with the Commission on Audit (COA) Circular No. 95-003, dated February 15, 1995 (Accounting and Auditing Guidelines on the Release of Fund Assistance to Non-Governmental Organizations/People's Organizations), the following revised implementing guidelines for the WYC credit and livelihood assistance (WYC-CLA) are hereby promulgated and issued for the guidance of all concerned.

I

Program Concept

The Working Youth Center—Credit and Livelihood Assistance (WYC-CLA) is intended to assist working youth organizations in funding their feasible livelihood/income generating projects with the end view of augmenting their income. In view of the new COA rules, the WYC-CLA Guidelines has to be updated focusing primarily on the limits of allowable loan amount to the Accredited Co-Partners (ACPs)/beneficiaries and setting additional terms and conditions in the course of program availment by the ACPs and beneficiaries as required by COA Circular No. 95-003.

A. Financial Assistance

Funds shall be released to the DOLE-RO in accordance with the Bureau of Women and Young Workers (BWYW) approved and recommended fund allocation schedule.

The WYC Credit and Livelihood Assistance shall be extended to beneficiaries through Accredited Co-Partners (ACPs)/Non-Government Organizations. The ACPs shall submit a program proposal to the DOLE Regional Office (DOLE-RO) for assessment and evaluation. Upon approval of said proposal, funds shall be drawn-out from the WYC-RO loan outlay allotment and shall be loaned out to the concerned ACP for relending to qualified WYC program beneficiaries.

B. Supervision and Monitoring

The BWYW shall conduct regular monitoring visits and performance audit including but not limited to the disbursement/utilization of funds by the DOLE-RO and ACPs. The DOLE-RO, as overall implementor shall be responsible for the credit scheme information dissemination, inter-agency linkages and all actions pertaining to loan collections/repayments but not limited to actions in the cases of default payments, fortuitous events and force majeure.

C. Program Assistance Flow

1. Program allocates/lends to ACP borrowers

[ ] Maximum of P250,000.00 per ACP

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[ ] 6% interest rate per annum

[ ] Payable up to 2 1/2 years inclusive of 6 months grace period from the full release of the loan.

[ ] Collateral free

2. ACP borrowers relend to WYClub/Individual Member

[ ] Maximum of P50,000.00 per group of 20 members or P2,500.00 per individual

[ ] Maximum of 18% interest rate per annum

[ ] Collateral free

II

Program Mechanics

A. Area Coverage

Said Scheme shall be implemented nationwide. The allocation or release of funds will depend on the yearly approved budget of the Working Youth Center (WYC).

B. Eligibility

1. For the Livelihood Project

a. SOCIALLY DESIRABLE AND RELEVANT/ DEVELOPMENT-ORIENTED (25 Points) — the main effect of the project should bring about necessary changes in lifestyles, status and/or work habits/attitudes of the participants. Thus, as a whole it shall, to a greater extent uplift the welfare of young workers.

The indirect and tangible effects of the project include the examination or a test of techniques, strategies and/or combination of interventions for young workers development.

b. FEASIBLE AND/OR VIABLE (20 Points) — Must be workable in the areas of organization, management, marketing, technical and financial as shown in the business plan and/or project proposal.

c. WORKING YOUTH SECTORS (15 Points) — assistance shall solely be focused on WYC program's target beneficiaries. Working youth should be more adequately involved in the project not only because of equity considerations but also because their participation is almost always a necessary condition for greater success of the project.

d. RESPONSIVENESS TO NEEDS OF BENEFICIARIES (15 Points) — The project must respond to the felt needs of young workers in the community based on the need's analysis conducted by the DOLE-RO and ACP.

e. SUSTAINABLE (15 Points) — Must generate capital build-up adequate to self-sustain project at the full payment of the loan.

f. LOCALLY ADAPTIVE AND RESOURCE-BASED (10 Points) — Development and mobilization of indigenous resources deserve top priority because any effective strategy must be anchored on what a community has on hand or can develop as its own. Development is largely an internal process. Hence, it is best to start with built-in locally available resources.

A minimum rating of eighty (80) points is required to merit endorsement of the proposal for approval.

2. For Accredited Co-Partner (ACP)

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[ ] An ACP could be a Non-Government Organization (NGO)/People's Organization which is duly registered with the Securities and Exchange Commission (SEC), DOLE, Cooperative Development Authority (CDA) or other appropriate agency. The ACP's legal personality must be evidenced by its Certificate of Registration.

[ ] Must submit the following requirements:

a. A detailed project proposal or business plan which include a description of the project, its location or venue, the time table for its implementation, and an itemized listing of projected expenses and its schedule. Should the project consist of phases, the schedule of implementation and the corresponding cost of each phase must likewise be presented.

b. An undertaking to put up equity of at least 10% of the project cost, accompanied by a description or evaluation of the property, service, activity or item of expenditure which constitute such equity.

c. Xerox Copy of the Certificate of Registration from the above concerned agencies.

d. Profile of the organization consisting of a list of the Governing Board Members, Executive Officers and their addresses and who are based in or accessible to the community where the project shall be implemented and the profile of the Officers and Members of the Project Management Team or project coordinator who shall be directly responsible in the implementation of the project.

e. Financial statement or annual status report for the last three (3) years. If less than three (3) years of operation, latest financial statement or annual status report plus a certificate from DOLE, other competent government agency or authority or a duly registered non-government organization that the applicant is legally operating in the area.

[ ] A Resolution signed by the appropriate Executive Board consistent with the ACPs Constitution and By-Laws authorizing the organization to participate in the program.

[ ] WYClubs/Federations which qualify under the above-set minimum requirements may be accredited.

3. For Client Groups/Beneficiaries

[ ] The WYClub should constitute a well defined organizational structure and or capable of managing/sustaining the proposed livelihood projects.

[ ] Group must adopt a well defined project management structure, operational and financial management systems and procedures.

[ ] Members must be 15-24 years of age and employed/underemployed/self-employed. In case the applicant is below 18 years old, he or she must be represented by his/her parents or legal guardian.

[ ] Members must be willing to attend preparatory skills training requirements.

[ ] Members must be able to render actual work contribution in the project.

[ ] Members must not be related by blood to the third degree to any officer or employee involved with the program.

C.

Obligations

1.) For Accredited Co-Partner (ACP)

[ ] Utilization of loaned amount exclusively for the establishment of livelihood/income generating projects of WYC clientele and in accordance with the terms of the approved program proposal. No deviation from the

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approved project proposal shall be allowed except upon prior written application by the ACP and approval by the DOLE-RO, in which case the MOA shall be amended accordingly.

[ ] Establishment of systematic record keeping and accounting records of financial transactions. The book of accounts must be available for performance and financial audit-inspection by any DOLE authorized personnel and the COA representative.

[ ] Must abide to pay the financial loan and comply with the terms and conditions in the MOA between the parties.

[ ] Open a separate bank account solely for the WYC fund.

[ ] Collaborate with DOLE-RO and beneficiaries and ensure payment/collection of loaned amortization.

[ ] Must issue post dated checks in favor of the DOLE the total value of which shall be the amount of the loan plus the 6% interest computed based on a diminishing balance. The number, value and date of the checks shall coincide with the approved schedule of amortization payments as provided by DOLE.

[ ] Regularly submit to DOLE-RO financial statements and/or quarterly reports on the project and collection efforts.

[ ] Completely utilize the loan amount within sixty (60) calendar days from the date of full release thereof. Delay in fund utilization are governed by the rules defined under No. 8 of Terms and Conditions.

[ ] Return of unused or unutilized fund to the DOLE-RO.

2. For Young Workers/Beneficiaries

[ ] Utilization of loan exclusively for the establishment of livelihood/income generating projects according to proposal approved by DOLE.

[ ] Abide to follow the stipulations of the MOA/Loan Contract and pay their financial obligations to the ACPs.

[ ] Assume collaborative implementation of group project.

[ ] Regularly submit project status reports to the concerned ACP.

III

Terms and Conditions of Credit Assistance

1. Maximum loanable amount to ACP is P250,000.00. Group beneficiaries of 20 members may avail of a maximum of P50,000.00.

2. The loan to the ACP shall bear an interest rate of 6% per annum based on the diminishing balance of loan. ACP may charge an additional interest provided that the total interest charged to the beneficiaries shall not exceed 18%. The interest of the loan shall be applied 21 banking days after the release of the loan to the ACP.

3. All loans shall be on a short term basis and payable within two (2) years exclusive of grace period.

4. Grace period may be granted on the principal payment of the loan but shall in no case exceed six (6) months and shall commence on the day following the day of the first release of the fund. This should be reflected on the approved amortization schedule and on the loan contract.

5. The ACPs shall be charged a penalty of one (1%) percent of the amortization due per month for non-payment. The computation of the penalty shall be done commulatively.

6. No service fee shall be levied on any loan.

7. The loan may be payable monthly, quarterly, annually or semi-annually depending on the program proposal submitted by the ACP and or reflected in the approved amortization schedule.

8. Mere delay in the utilization of funds shall not constitute unauthorized deviation, but shall be governed by the following rules:

> a. If the ACP has not started implementing the approved project or phase thereof within sixty (60) calendar days from the date of release of funds, the MOA may be deemed resolved or rescinded without need of judicial action, in accordance with Article 1191 of the Civil Code of the Philippines. However, if the unused amount for a particular portion or phase of the project exceeds 15% of the amount released, revision of the project schedule may be allowed upon prior written application with approval of the appropriate DOLE implementing agency. In such case, the Memorandum of Agreement (MOA) shall be amended accordingly. If the unused amount does not exceed 15% of the amount released, no revision of the MOA shall be needed but the ACP shall submit a justification for the delayed use of funds.

9. Loan collected and interest earned shall be deposited with the Bureau of Treasury and shall accrue to the General Fund.

10. The ACP Officers shall be jointly and severally liable with the ACP for loan contracted during their term of office. In case there is a change of officers during the lifetime of the loan, the new officers shall be jointly and severally liable with the ACP under the same terms and conditions as the former officers.

11. The rights and obligations of the ACP shall not be affected by any change in its leadership; provided that where fraud, bad faith or misrepresentation exists, the liability of the outgoing officers with respect to the outstanding or unsettled obligations shall be joint and several.

12. A loan may be considered in default for any of the following reasons:

> [ ] Deviation made from the approved program without prior written approval by the DOLE Regional Director.
>
> [ ] Violation of the ACP to abide by the policies, rules and regulations governing the program.
>
> [ ] Arrears in amortization payments due to reasons other than fortuitous events.
>
> Mode of Payment
>
> No. of Arrears
>
> Annual
>
> 1
>
> Semi-Annual
>
> 2
>
> Quarterly

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2

Monthly

3

[ ] Malversation of Funds

13. An ACP may apply for loan restructuring by reason of force majeure which directly affected the program, provided:

[ ] The ACP shall send a written notice to DOLE-RO within 15 working days upon the occurrence of the event.

[ ] The DOLE-RO shall conduct an investigation through site visitation within 15 days upon receipt of the notice. The investigation report shall serve as basis for restructuring approval by the DOLE Regional Director. A copy of the report and written approval shall be sent to the concerned ACP and BWYW.

[ ] Restructuring of the loan may consist of:

a. Grant of a reasonable extension of the loan maturity.

14. Financial Control

[ ] The ACP shall maintain a separate set of book of accounts on the project's financial transaction.

[ ] Regular audits shall be conducted by DOLE-RO on the ACPs financial records to verify compliance with the program prescribed guidelines.

[ ] The finance officer/treasurer of the ACP shall in all cases, be a consignatory of the ACP President on all disbursements.

IV

Procedural Guidelines

1. Accreditation of Co-partners shall be governed by these rules and regulations and the DILP guidelines.

2. Project Site Selection

[ ] The area must be densely populated with visibly significant proportion of either employed, self-employed and under-employed young workers.

[ ] Receptiveness of the general community (including its local officials) towards the WYC Program.

[ ] Accessible by ordinary means of transportation.

[ ] Minimum available government/non-governmental services for young workers within the locality.

3. Beneficiary groups must comply with the eligibility requirements defined in item B.3 under Program mechanics.

4. Working youth organizations must undergo the necessary preparatory skills trainings/capability building exercises which include among others.

[ ] Basic management and Leadership Skills

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[ ] Project Development and Management

[ ] Basic Skills Training on Entrepreneurship

5. Loan Application and Approval

a. The loan requirements shall include:

[ ] Certificate of accreditation from the DOLE;

[ ] Program proposal loan plan and other supporting documents (i.e. Business Plan);

[ ] Memorandum of Agreement/Loan Contract between the ACP and DOLE-RO; and

[ ] Other requirements that the DOLE-RO may require.

b. The WAWD Chief shall submit to the DOLE Regional Director a recommendation for the approval or disapproval of the loan application with the evaluation report.

c. The DOLE-Regional Director approves/disapproves the loan application within five (5) working days from the receipt of the report.

d. DOLE RO shall immediately send the ACP the notice of approval or disapproval.

6. Loan and Fund Releases

a. The WYC-BWYW, through the FMS, shall transfer the program loan outlay through a sub-allotment advice with a funding check to the DOLE-RO based on the approved allocation schedule.

b. The DOLE RO-IMSD shall process loan and release the same to the concerned ACP within ten (10) working days upon receipt of the approved program proposal from the ACP and signing of loan contract.

c. Fund releases to the ACP shall be effected through the issuance of checks.

d. All loan documents shall be kept by the DOLE-RO.

e. In cases of deferment of the fund release by the ACP to the beneficiaries, the ACP shall notify the DOLE-RO through a written notice ten (10) working days after the receipt of loan. The DOLE-RO shall validate the justification of the ACP and inform the ACP of its decision within ten (10) working days.

f. The Bureau shall be furnished with the loan agreement and supporting documents.

V

Action to be Taken by DOLE-RO in Cases of Loan Default

1. The DOLE-ROs shall send a notice of default, by actual visit or through registered letter with return card to the concerned ACP within fifteen (15) days from knowledge by the DOLE of any of the causes of default by the ACP. This notice will serve as letter of request for the loan borrower to pay the loan within 15 working days upon receipt of such notice.

2. If the concerned ACP borrower fails to pay within the prescribed period, the DOLE-ROs shall send a follow-up registered/demand letter with return card within fifteen (15) days upon receipt of the said demand letter and informing them that in case of failure to pay the loan within the prescribed period, the DOLE, through its representative, may resort to court action to compel the repayment.

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VI

Program Implementation Arrangement

1. DOLE Regional Office

a. Fifteen (15) days after the release of the loan, a visit shall be conducted by the project coordinator to check if there are any changes/deviation in the implementation of the project. The coordinator will strictly monitor (monthly) the activities and submit a written report to the Regional Director copy furnished Bureau of Women and Young Workers (BWYW) stating among others the following:
a.1 Name of the project

a.2 Beneficiaries

a.3 Amount loaned

a.4 Payments made

a.5 Problems encountered during the implementation and the solutions made by the project coordinator

b. The DOLE-ROs shall submit to the Bureau of Women and Young Workers (BWYW) quarterly program status and duly certified Financial Reports.

c. To facilitate reporting and monitoring of funds a separate Bank Account and Journal of Analysis of Obligation (JAO) shall be maintained for the Project. Transactions, however, will be incorporated in the Trial Balance (duly accredited by RO Auditor) for General Fund 101. All transactions relative to WYC shall be handled by the IMSD in coordination with DOLE- WAWD/BWYW.

2. The Accredited Co-partners (ACPs)

a. The borrower/ACPs should document all transactions entered into, maintain records, and make them available for review by DOLE-RO-BWYW.

b. The ACP shall furnish DOLE RO with the monthly status report of the project.

c. The ACP shall observe regular payment (monthly, bi-monthly, quarterly) of loan amortizations.

3. Bureau of Women and Young Workers (BWYW)

a. The Bureau, in coordination with DOLE RO, shall monitor the progress of ACP-borrowers and IGPs funded under the Program at least once a year to ensure:

[ ] that the ACPs are progressing in conformity with the policies and guidelines of the program

[ ] the projects are implemented in accordance with the approved proposals and DOLE-ACP agreement.

b. Special audit of the ACPs and their specific IGPs may be conducted by the Bureau upon request of the DOLE-RO when deemed necessary.

VII

Effectivity

These Guidelines shall supersede all other Loan Guidelines that the WYC Program had formulated and shall take effect immediately upon its complete publication in a newspaper of general circulation.

Adopted: 16 April 1996

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