

INTEGRATED GUIDELINES ON THE IMPLEMENTATION OF THE PROMOTION OF RURAL EMPLOYMENT THROUGH SELF-EMPLOYMENT AND ENTREPRENEURSHIP DEVELOPMENT (PRESEED) PROGRAM

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Pursuant to the role of the Department of Labor and Employment (DOLE) as a livelihood flagship champion under the Social Reform Agenda of the government and as one of our contributions toward the attainment of the vision of the Philippines 2000, the Bureau of Rural Workers (BRW) in collaboration with the DOLE Regional Offices (DOLE-ROs) shall implement the Program: Promotion of Rural Employment Through Self-Employment and Entrepreneurship Development (PRESEED) to assist in the establishment/creation of rural micro enterprises nationwide.

To ensure its effective and efficient implementation, the following set of guidelines is hereby issued to program implementors.

PART I

THE PROGRAM

A. Description

The Promotion of Rural Employment Through Self-Employment and Entrepreneurship Development (PRESEED) Program is a response to the limited wage employment opportunities available in the rural areas. It is an entrepreneurship development program which delivers a package of interlinked services from client development and training to credit, technical assistance and handholding consultancy services.

Specifically, the program is addressed to the landless rural workers who are capable of absorbing new entrepreneurial activities.

PRESEED is a joint undertaking of the BRW, the DOLE-ROs, the Technical Education Skills and Development Authority (TESDA) and non-government organizations (NGOs) which serve as the program's accredited co-partners (ACPs) in its implementation.

B. Objectives

1. Provide self-employment thru the establishment of micro- enterprises for the rural workers and their families;
2. Develop rural enterprises that will generate employment and enhance income above subsistence threshold level;
3. Identify and train rural workers with entrepreneurial skills thru an Enterprise Development Training;
4. Institutionalize an Accredited Co-Partner Development Program;
5. Establish linkages with the national and local levels for the delivery of support services essential to small

enterprise development; and

6. Extend appropriate assistance or support services to sustain and/or expand operation of the established rural enterprises.

C. Coverage and Allocation

The Program shall be implemented nationwide. The allocation for the Program for each calendar year shall be approved by the Secretary.

PART II

PROVISIONS SPECIFIC TO LOAN COMPONENT

SECTION I. General Policies

A. Eligibility Criteria

1. For Accredited Co-Partners or ACPs

1.1 The eligible co-partners shall include non-government organizations (NGOs), private voluntary organizations (PVOs), socio-civic organizations, rural workers organizations (RWOs) which include the capable rural workers associations (RWAs), federations, cooperatives and labor unions.

1.2 These co-partners must be accredited by the concerned Department of Labor and Employment-Regional Livelihood Program Team (RLPT) under the DOLE Integrated Livelihood Program (DILP).

1.3 The ACPs shall serve as the DOLE's partners in the implementation of the PRESEED and shall likewise act as conduits of credit assistance.

1.4 The ACPs shall not in any case act as the beneficiaries except in the case of rural workers organizations as defined in B.1.a.

2. For Livelihood Program

2.1 The program must serve the rural workers and their families.

2.2 The program must respond to the real needs of the beneficiaries in the community based on needs analysis conducted by the ACP.

2.3 The program should contain the necessary components of an integrated service to the target clientele for a maximum impact to the community.

2.4 The program should complement other development plans in the community undertaken by other agencies and should be a priority by the local government units (LGUs).

2.5 The program should be supportive of the overall program of the LGU consistent with the local autonomy law.

3. For Livelihood Projects

3.1 Must be feasible and/or viable in the areas of organization and management, marketing, technical and financial as shown on the business plan or feasibility study.

3.2 Must utilize resources locally available within and the neighboring communities (barangays).

3.3 Must generate capital build-up adequate to self-sustain the project at the full payment of the loan.

3.4 For Phase 1, preference should be given to micro-enterprises that need start-up capital to commence operation, while for Phase 2, micro-enterprises which are already existing and are being proposed for expansion or diversification.

3.5 Must comply with all government rules and regulations.

4. For Clients/Beneficiaries

4.1 For the first phase, the eligible beneficiaries shall be limited to individual rural workers.

4.2 For the second phase, the eligible beneficiaries shall include individual or organized rural workers.

QUALIFICATIONS

- i) Must be Filipino citizens and of legal age.
- ii) Must have a good credit standing with no outstanding loan in arrears based on credit investigation by the ACP in any previous lending program/credit institutions.
- iii) Must be capable and willing to provide an equity of at least 10% of the total project cost.
- iv) Must be knowledgeable of the 3 R's ('rithmetic, 'riting and reading).
- v) Must have passed the Entrepreneurial Tests (PRESEED Form 93-01) to be administered by the ACP.
- vi) Must have successfully completed the entrepreneurship training in the case of Phase 1 beneficiaries.
- vii) Must have a family income below the poverty threshold.
- viii) Must not be related by blood to the third degree to any officer or employee involved with the program.

Rural Workers Organization

- i) Must have a legal personality.
- ii) Must possess/show the basic attributes of a functional organization.
- iii) Must have at least a minimum amount of organizational funds to sustain the current operational level of its existing activities and projects (funds from dues, membership fees and other income generating projects).
- iv) The organization has at least two (2) years continuing experience/s in successful project [issue-based, socio-economic projects (SEPs), mobilization or any project — simple or complex] planning, implementation and evaluation.
- v) Must have a good credit standing with any lending institution.
- vi) Must have a good reputation and relationship with the community.

B. Legal Features

1. Purpose — The loan is intended for relending by the ACP to the beneficiaries for financing their rural-based micro-enterprises.

2. Loan Ceiling — The maximum loan that an ACP can avail shall be determined on the basis of the program's requirements as reflected in the approved business plans (Phase 1) and program proposal (Phase 2) but the loan releases to be made by the DOLE-RO shall be limited to the funds made available to them. Below is the maximum loan per beneficiary:

Phase 1 individual P25,000

Phase 2 individual 50,000

RWO 300,000

3. Reavailments — An ACP can avail of additional loan within the year, provided that the following requirements are met, to wit:

3.1 That the total approved loan has been fully disbursed and utilized by the target beneficiaries.

3.2 That the ACP has manifested its capability to implement an expanded livelihood program based on its successful participation in the program.

3.3 That the previous loan/s of the ACP to DOLE is/are not in default.

3.4 That the funds reavailed shall be utilized to finance different set of beneficiaries, from that originally granted financial assistance.

4. Interest Rate —

4.1 The loan to the ACP shall bear an interest rate of six percent (6%) per annum. An ACP may charge an additional interest provided that the total interest charged to the beneficiaries shall not exceed eighteen percent (18%) per annum.

4.2 The ACP shall not in any case charge the beneficiaries with an advance interest payment or any of its equivalent.

4.3 The interest on loan shall be applied twenty-one (21) banking days after the release of the loan to the ACP.

5. Loan Maturity — All loans shall be on a short term basis and payable within three (3) years inclusive of grace period, if there is any.

6. Security Requirements — To secure prompt payment of the loan, the ACP are required to issue post-dated checks payable to the Department of Labor and Employment that will correspond to the amortization schedule of the loan. The issuance of these post-dated checks shall be done upon receipt from the DOLE-RO of the checks representing the amount borrowed.

The officers of the ACP shall be severally liable to the obligation/loan availed by the ACP. All officers must affix their signature in the loan contract.

7. Mode of Payment — Loans may be payable annually, semi-annually, quarterly or monthly depending on the program proposal submitted by the ACP and as reflected in the approved amortization schedule.

8. Grace Period —

8.1 Whenever necessary, a grace period on the principal payment and not on the interest payment may be granted to any loan but shall in no case exceed six (6) months.

8.2 The provision of the grace period will not however extend the maturity of the loan but will just entail deferment of a specific principal payment covered by the grace period.

8.3 The grace period shall be applied on the first six months of the amortization schedule and should be reflected on the approved amortization schedule and on the loan contract.

9. Rebate on Prompt Payment — The ACP shall be granted a one percent (1%) rebate for prompt payment of a specific amortization but shall be applicable only to current loans. The 1% rebate shall be deducted outrightly

from the specific amortization due and shall be applied on specific interest charges and not on the principal payment.

10. Penalty — The ACPs shall be charged a penalty of two percent (2%) of the amortization due per month for non-payment. The computation of the penalty shall be done on a non-cumulative manner.

11. Service Fee — No service fee shall be levied on any loan.

12. Default — A loan in default shall mean that the entire loan is due and demandable. And in such case, the officers of the ACP shall be solidarily liable with the ACP.

12.1 Cases to declare the loan in default:

— Any deviation from the approved program proposal without prior written approval by the DOLE-Regional Director.

— A loan shall be considered in default if the ACP fails to comply with the policies, rules and regulations governing the Program.

— A loan shall likewise be considered in default if the number of amortization in arrears, as evidenced by the bouncing check/s, are as follows:

Mode of Payment

No. of Arrears

Annual

1

Semi-Annual

2

Quarterly

2

Monthly

3

This shall, however, apply only to loans in default due to reasons other than fortuitous events.

— Any malversation of funds borrowed.

12.2 Action to be taken by DOLE-ROs in cases of default:

—The DOLE-RO shall send a notice of default, by actual visit or through registered mail with return card, to the concerned ACP within fifteen (15) days upon its occurrence. The notice of default shall also serve as a letter-request asking the concerned ACP-borrower to pay its outstanding total arrearages (principal and interest, including accumulated penalties), fifteen (15) working days from the date of receipt of such Notice or Demand Letter-Request.

—Should the concerned ACP-borrower fail to pay within that fifteen-day period, the DOLE-RO shall prepare an action for collection including but not limited to collection of loan repayments directly from the beneficiaries and other relief against said ACP-borrower and its officers and file the complaint thereof with the proper court within

twenty (20) days from the date of notice of knowledge of non-payment. For this purpose, the DOLE-RO shall assign a lawyer to represent and appear for the DOLE in the litigation process, in all stages of the proceedings, from the filing of the complaint through pre-trial conference, final judgment and/or execution.

13. Loan Restructuring — An ACP may apply for loan restructuring by reason of force majeure directly affecting the program with the following conditions:

13.1 The ACP shall send a written notice of DOLE-RO within fifteen (15) working days upon the occurrence of the event to avoid penalty and to serve as basis for the conduct of an investigation by the DOLE-RO.

13.2 The DOLE-RO shall conduct an investigation through site visitation within fifteen (15) working days upon receipt of notice. The investigation report shall be the basis for the approval of the restructuring by the DOLE-Regional Director. A copy of the investigation report and a written approval of the restructuring shall be sent to the concerned ACP and to BRW within fifteen (15) working days after the conduct of the investigation.

13.3 If found meritorious, the DOLE-RO may grant a reasonable extension of the loan maturity to be covered by a new loan contract.

13.4 If the ACP fails to pay a restructured amortization, the provision on defaulted loan amortization shall apply.

14. Application of Payments—

14.1 Any payment made by the ACP shall first be applied to penalties then to interest due and finally to the principal of the loan.

14.2 In case loan is litigated, payments made therein shall first be applied to legal expenses, then to penalties, interest and finally to the principal of the loan.

15. Financial Controls—

15.1 The ACPs shall maintain a separate set of accounting books and records for the financial transaction of the project.

15.2 The DOLE-RO shall audit the ACP at least once in a semester to verify compliance with the program guidelines, rules and regulations.

15.3 The finance officer/treasurer of the ACP shall in all cases serve as the co-signatory of the President/Project Officer to all disbursements.

SECTION II. Procedural Guidelines

A. Accreditation of Co-Partners

The accreditation of co-partners shall be governed by the rules and regulations on accreditation under the DILP and must be consistent with COA Circular 96-003.

B. Selection of Potential Community Site

For Phase 1 implementation, the DOLE-RO shall conduct preliminary assessment of potential community (municipality) sites which the ACP will recommend and shall prepare an assessment report for approval or disapproval of the DOLE-RO Director.

Characteristics of Eligible Community Site:

1. Location near to (at most 20 kms.) centers of trade and commerce;
2. High concentration of target clientele where at least 40 potential beneficiaries can be found;

3. Infrastructures such as farm-to-market roads, electricity and water supply are present;
4. The community development plan reflects the promotion of and the development of micro, small and medium enterprises.

C. Screening of Beneficiaries

1. The ACP shall conduct the recruitment and pre-screening of beneficiaries based on the set of criteria enumerated in Section 1.B.4 of this guideline (Use PRESEED Forms 01 and 01a). A list of eligible beneficiaries shall be endorsed by the ACP to DOLE-RO for validation
2. The DOLE-RO shall validate the participants pre-screened by the ACP thru 25% simple random sampling. Any deviation of the sample from the set criteria shall rule out the endorsement of the ACP unless the DOLE-RO will validate all the recommended participants.

D. Conduct of Entrepreneurship Development Training (EDT)

A training on entrepreneurship development shall be conducted for Phase 1 participants based on selection criteria to be applied by the DOLE-ROs.

E. Loan Application and Approval

1. The loan requirements shall include:
 - 1.1 Certificate of Accreditation of the endorsing ACP who will avail of the loan;
 - 1.2 Business plans (BPs) for Phase 1 and program proposal with the individual project feasibility studies attached and other supporting documents (PRESEED Form 02) for Phase 2 implementation;
 - 1.3 Loan Contract between the ACP and the DOLE-RO (to be executed upon approval of the loan); and
 - 1.4 Other standard requirements that the DOLE-RO may require.
2. The Chief of the WAWD shall submit to the DOLE-Regional Director a recommendation for the approval or disapproval of the loan with the evaluation report.
3. The DOLE-Regional Director approves/disapproves the loan application based on the recommendation of the WAWD Chief within five (5) working days from the receipt of the recommendation report.
4. Upon approval or disapproval of the loan, the DOLE-RO shall immediately send the ACP a Notice of Approval or Disapproval.

F. Loan and Fund Releases

1. The BRW through the FMS shall transfer the loan facility to the DOLE-RO's based on the allocation schedule approved by the Secretary.
2. The RO-IMSD shall process loans and release the same to the concerned ACP within ten (10) working days upon receipt of the approved program proposal from the ACP. However, prior to the release of the funds the ACP shall sign a loan contract.
3. Notarization and other incidental fees shall be borne by the ACP.
4. Fund releases to the ACP shall be effected through the issuance of checks from the depository bank of the DOLE-RO.

5. In cases of deferment of the fund release by the ACP to the beneficiaries, the ACP shall notify the DOLE-RO thru a written notice fifteen (15) 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 five (5) working days.

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

7. The BRW however shall be furnished with the duly notarized loan agreement and a copy of all the loan requirements including the Beneficiary and micro-enterprise profile (PRESEED Form 04) within thirty (30) calendar days upon the transfer of the funds to the ACP.

G. Repayment and Loan Collection

1. The amortization payments of the ACP shall be based on the approved amortization schedule to start ten (10) working days after the receipt of the loan from the DOLE-RO to the ACP. The computation of the amortization payments shall be in accordance to the formula:

$$P(1+i)^n(i)$$

$$A = \frac{P(1+i)^n(i)}{1 - (1+i)^{-n}}$$

$$1 - (1+i)^{-n}$$

Where: A = amortization

P = principal

i = interest rate for the period

n = no. of payments

2. Interest earned shall be deposited with the National Treasury and shall accrue to the General Fund.

3. Loans collected shall be deposited with the Bureau of Treasury.

4. Official Receipt shall be used for the collection.

5. To ensure prompt repayment, the DOLE-RO must send a written reminder to the ACPs fifteen (15) working days before the due date of the loan.

6. The DOLE-RO has the authority to collect loan repayment directly from the beneficiaries upon notification of the concerned ACP.

H. Monitoring and Evaluation

1. DOLE-RO

1.1 A post release evaluation shall be conducted by the WAWD-DOLE-RO on all projects approved/funded after a month from the release of the loan to the ACP to check of any deviation.

1.2 The DOLE-RO shall monitor quarterly the status of the loan based on visits and from the reports submitted by the ACP which will include, among others, the name of beneficiaries, type of project, amount of loan extended, payment made, problems encountered, and plans of action undertaken. (Use PRESEED Form 05). The DOLE-RO shall likewise attend the dialogue of ACP and beneficiaries regarding problems encountered as well as plan of actions elicited from both the beneficiaries and the ACP.

1.3 The DOLE-RO shall submit quarterly status reports and monthly Report of Disbursement and Collection, including explanatory notes on the problems of loan repayment to the BRW.

Forms to be accomplished

- Report of Disbursement duly audited by COA Auditor
- Status of Funds Utilization; and
- Progress Report.

2. ACP

2.1 The ACP shall document all transactions entered into, maintain records thereof, and make them available for review by BRW/DOLE-RO.

2.2 The ACP shall monitor monthly status of the loan/projects of the beneficiaries.

2.3 The ACP shall furnish the DOLE-RO with the quarterly progress report of the projects and the Program's Financial Report at the end of every fiscal year.

2.4 The ACP shall act as liaison between the DOLE Regional Office and beneficiaries to facilitate technical support and linkages with government and private entities.

3. BRW

3.1 The BRW in coordination with DOLE-RO shall monitor the performance of ACPs and micro-enterprises funded under the program at least once a year to ensure the following:

- That the ACPs are performing in conformity with the policies and guidelines of the program.
- That the micro-enterprises are implemented in accordance with the approved proposals/BPs.

3.2 Special audit of the ACPs and their specific programs may be conducted by BRW upon request by DOLE-ROs or when deemed necessary.

4. FMS

4.1 Shall audit the utilization of funds; and

4.2 Ensure that financial transactions are incorporated in Fund — 101 Trial Balance and other financial reports.

SECTION III. Accounting and Auditing Guidelines and Procedures

To facilitate and ensure uniformity in the processing, payment and recording of claims and to institute the necessary internal control measures, the following guidelines and procedures are hereby prescribed relative to the implementation of PRESEED.

1.0 General Guidelines

1.1 The PRESEED shall be treated as a Centrally Managed Project wherein the Advice of Allotment (AA) and Notice of Cash Allocation (NCA) are issued by the Department of Budget and Management (DBM) to the DOLE Central Office which in turn shall issue the corresponding funding checks to the Regional Offices based on the approved Work and Financial Plans. As such, all Regional Offices are instructed to follow strictly Annex D of COA Circular 90-326 dated February 22, 1990, providing accounting guidelines and procedures relative to the Modified Disbursement System (MDS) pursuant to Memorandum Order No. 276 dated January 12, 1990, and COA Circular No. 92-388 in the implementation of the PRESEED Program.

1.2 To facilitate reporting and monitoring of funds, 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 — for General Fund 101.

2.0 Procedures Covering the Issuance of PRESEED Funds

2.1 Funds shall be released to the DOLE-ROs on a quarterly basis in accordance with the approved fund allocation. Subsequent fund releases, however, will be based on the recommendations of the BRW.

2.2 Upon approval of the prepared program of ACPs and upon the recommendation of the RO-WAWD, the IMSD shall prepare vouchers and checks transferring funds to the respective ACPs. A subsidiary ledger for each ACP shall be maintained.

2.3 Repayment of loans shall be duly accredited by the DOLE-RO and the same shall be deposited with the Bureau of Treasury. A copy of the validated Remittance Advice shall be attached to the Collection Report which shall be submitted monthly to the DOLE- FMS.

3.0 Procedures Relative to Miscellaneous Disbursements — Vouchers for Miscellaneous Disbursements (TEVs, supplies, etc.) shall be prepared by the WAWD. They shall be submitted to the IMSD together with all supporting documents for processing and preparation of checks for the signature of the RD/ARD. It is the primary responsibility of the Head of the Regional Office concerned to keep obligations within the authorized amounts.

4.0 Recording of Transactions — To record transactions pertaining to PRESEED, the following accounting entries shall be adopted:

Central Office Regional Office

Books

Books

Debit Credit

Debit Credit

Receipt of AA by CO from DBM

8-99-100

xxx

no entry

0-90-100

xxx

Receipt of NCA from DBM

no entry

no entry

Transfer of Allotment to ROs

8-81-170

xxx

0-90-000

(xxx)

8-71-170

xxx

0-90400

xxx

Issuance of Funding

Checks to ROs

8-81-170 xxx

8-70-707 xxx

8-70-370 xxx

8-71-170 xxx

Obligations Incurred

0-90-000

no entry

xxx

0-82-000

xxx

Transfer of Funds to (Name of NGO/ACP)

8-71-900

xxx

8-70-307

xxx

Receipt of Collection from NGO/ACP

8-70-400

xxx

8-71-900

xxx

0-91-000 (interest income)

xxx

Deposit of Collection with BTR

8-70-400

xxx

8-70-700

xxx

Closing entries at the end of the year:

9.1 For unobligated balance of allotment

0-90-000

(xxx)

8-90-000

xxx

9.2 For obligations and liquidations

0-82-000

xxx

0-83-000

xxx

8-81-000

xxx

5.0 Submission of Reports — Within five days after the end of each month, the following reports shall be regularly and promptly submitted by the Regional Office to Financial Management Service:

5.1 Report of Collection with Remittance Advice

5.2 Report of Disbursements duly audited by the Regional Auditor

5.3 Statement of Allotment/Obligations and Balances — Appendix A*

5.4 Monthly Status of Funds —Appendix B*

As succeeding releases of monthly cash allocation by DBM will depend on the timely and accurate submission of reports, the Regional Directors shall ensure that they are forwarded to the Financial and Management Service on or before their due dates.

6.0 Audit of PRESEED Funds — The Financial and Management Service of the Department of Labor and Employment shall control and audit the release of funds and shall be responsible in ensuring the proper, judicious and optimum utilization of funds and prompt submission of financial reports to COA, DBM and other concerned agencies.

PART III

PROVISIONS SPECIFIC TO GRANT COMPONENT

The general policies contained in this guideline shall be the basis in accessing to the grant funds of the PRESEED Program.

Three (3) major components shall be financed out of the grant funds: Training-Cum-Production, Enterprise Development and ACP Development Program.

SECTION I. General Guidelines

I. Training-Cum-Production

A. Objective — To enhance the entrepreneurial and technical or production skills of the target beneficiaries to enable them to access to the livelihood programs that would be implemented or are being implemented in their respective areas.

B. Coverage — The TCP shall be undertaken in the Social Reform Agenda (SRA) convergence areas identified by the SRA Teams that draw the SRA Livelihood Convergence Plans. Specifically, at least one (1) batch per province shall be financed by the Program.

C. Allocation — The provincial allocation shall be determined by the SRA Teams but shall not exceed the provincial allocation approved by the Secretary.

D. Eligible Beneficiaries — The training participants must be included in the list of target beneficiaries of the SRA Team as reflected in the livelihood convergence plan of the province.

E. Eligible Training Program — For effective implementation of the TCP, the following criteria for the training to be conducted must be satisfactorily met:

1. The products to be produced must have a ready market in the area and the neighboring barangays/towns.
2. The raw materials to be used must be available in the area.
3. The technology to be adopted must be locally adaptable and acceptable.
4. The enterprise that could be established through this training must be included in the priority list of the agencies providing credit assistance.

F. Eligible Conduit — The ACP of the PRESEED Program shall be the conduit of the TCP. However, for provinces with no existing ACP, an NGO participating in the drafting of the livelihood convergence plan may be accredited for the purpose. In cases where there is neither an existing ACP nor a willing and qualified NGO, the local government unit being represented by its Governor may qualify as provided for in the Local Government Code.

II. Enterprise Development

A. Objective — Generally, this component is expected to extend appropriate assistance or support services towards the establishment of viable rural enterprises.

Specifically, the entrepreneurs included in the enterprise level of implementation based on the ladderized approach are able to:

1. elevate the self-sufficient micro-enterprises into a commercial scale of operation
2. develop linkage with banking institutions for a more formal financing
3. develop products or services with strong potential for export

4. integrate with other related businesses in the community to ensure sustainability. Backward and forward linkages has been forged.

B. Coverage — This component shall cover the 77 provinces listed under the Social Reform Agenda.

C. Sub-Components — There will be varying types of assistance to be extended depending on the needs of the target beneficiaries and their respective income generating projects (IGPs), to wit:

1. Capital Assistance — This support shall be extended to successful graduates of EDT II of the PRESEED Program needing additional capital to expand operation and/or diversify products to penetrate more market. Below are the specific features of the capital assistance:

1.1 In accordance with COA Circular 96-003, the funds may be released to the ACP as a grant. However, to ensure the continuity of the Program, and considering the status of the target beneficiaries, the grant funds shall be released to the end beneficiaries as a loan with zero interest. A separate bank account shall be maintained by the ACP for this purpose.

The loan collections shall serve as a revolving fund of the ACP but subsequent releases shall be done in accordance with this guideline. The ACP may deduct 10% of the total collections made to cover administrative and monitoring expenses. A periodic report shall be submitted to the DOLE-RO using the PRESEED Form 05 with the necessary revision stating among others the status of each project financed and the collections made.

1.2 The capital requirements of the proposed business venture must be reflected in the expansion plan to be drafted after undergoing the EDT II. A maximum amount of P50,000 may be granted to an individual beneficiary.

1.3 The administrative expenses to be incurred by the ACP relative to the implementation of this Program component may be charged to the grant funds and must be reflected in the program proposal of the ACP but shall not exceed 10% of the total amount released to them. The ACP shall not charge the beneficiaries with any service fee or its equivalent.

2. Common Facility Project — For a group of beneficiaries who may be in need of a common facility or a fixed asset to assist them to achieve a bigger scale of operation but the acquisition or establishment of which is beyond their means. A group of beneficiaries may avail up to a maximum amount of P100,000 for this purpose.

3. Marketing Support — To generate demands for the products of the target beneficiaries, the Program may provide marketing assistance in the following forms: (a) product promotion thru trade fairs and exhibits or market encounters; (b) marketing seminars, and/or (c) provision of market information materials.

4. Training Grants — Appropriate training programs may also be conducted not only for the enhancement of skills and knowledge of the entrepreneurs themselves but also for the development of their businesses as well as product development, technology upgrading, etc.

Depending on the identified need of the beneficiaries, a qualified ACP may opt to undertake one or more of the sub-components stated above to fully harness the potential of the entrepreneurs and his/her respective enterprise.

D. Eligible Accredited Co-Partner — The grant assistance under this major component shall likewise be coursed through the ACPs of the Program. To qualify, the ACP must have a good credit track record, preferably 100% repayment rate on the previous loans, have shown a satisfactory performance manifested by the number of sustainable enterprises financed through them, and have continuously provided technical and consultancy services to their clientele.

E. Eligible Beneficiaries — To qualify for the capital assistance, the following criteria must be met by the individual beneficiary:

1. he/she must have completed the EDT I and is willing to undergo the advance training (EDT II)
2. with a good credit track record, preferably 100% repayment rate and no loan arrears with other financing institutions
3. must have injected some innovations in his business venture or is presently engaged in an innovative type of income generating activity
4. must have provided employment opportunities not only to his family but also to some members of the community where he/she operates.

For the other sub-components mentioned earlier, a beneficiary or a group of beneficiaries must also satisfy the abovestated criteria except for number 1. In the case of common facility assistance, the beneficiaries must belong to only one community and are engaged in common business ventures.

F. Eligible Projects — Projects eligible under the Capital Assistance and Common Facility Support must pass the qualification criteria stipulated in the Amended PRESEED Implementing Guidelines, to wit:

1. must be feasible and/or viable in the areas of organization and management, marketing, technical and financial as shown in the expansion plan and/or project proposal;
2. must utilize resources locally available within and the neighboring communities (barangays);
3. must generate capital build-up adequate to self-sustain the project; and
4. must comply with all existing government rules and regulations.

III. ACP Development Programs

A. Objectives —

Development Objective — To upgrade the capabilities of Rural Workers Associations and other people's organizations to transform themselves into small and independent NGOs dedicated toward pursuing a development agenda in their area.

Specific Objectives —

1. To increase the rate of utilization credit facilities of government, non-government agencies and commercial financing institutions.
2. To heighten participation of people's organizations in the development process.
3. To ensure sustained implementation of livelihood programs not only of the DOLE but also of other agencies.

B. Coverage — Priority shall be given to the Rural Workers Associations (RWAs) registered with the DOLE that are exhibiting great potential to be transformed into quality co-partners of other livelihood implementing agencies. However, non-government organizations and other people's organizations registered with either SEC or CDA are likewise covered.

C. Allocation — The total regional allocation shall be released to the DOLE-Regional Office as soon as this guideline takes effect. However, the two major components, namely: Enterprise Development and ACP Development, shall not have fixed allocation. The regional offices have the discretion to allocate funds for these two activities depending on the proposals of the target ACPs which they deem necessary to better serve our clientele, the rural workers.

SECTION II. Procedural Guidelines

A. Accreditation of Co-Partners — The accreditation of co-partners shall be governed by the rules and regulations on accreditation under the DILP.

B. Selection of Co-Partners — The DOLE-RO has the final say in the selection of the ACP to be given the grant funds based on the qualification criteria stipulated herein. However, the SRA Team may recommend the ACP for the conduct of the TCP.

C. Selection of Beneficiaries — The SRA Team shall be responsible in the selection of the beneficiaries for the TCP. For the other components, the ACP may recommend to the DOLE-RO the intended beneficiaries but the final approval rests with the latter.

D. Fund Releases —

1. The BRW through the FMS shall transfer the grant funds to the DOLE-ROs based on the allocation schedule approved by the Secretary. In the case of the allocation for the Training-Cum-Production, the grant funds shall be released after the receipt of the livelihood convergence plan by the BRW.

2. The RO-IMSD shall release the grant to the ACP based on the approved project proposal and duly notarized Memorandum of Agreement.

3. Notarization and other incidental fees shall be charged to the grant funds and must be reflected in the proposal.

4. The release of funds to the ACP shall be effected not later than ten (10) working days after the signing of the MOA.

5. Pursuant to COA Circular 96-003, assistance in an amount of P300,000 or less for each project may be released in full. For projects with funding requirements exceeding P300,000, the assistance may be released in tranches, with the schedule of releases being dependent on the nature or phases of the project and its activities.

SECTION III. Financial Control

The following provisions apply to the use of the grant funds, hence must be observed in the implementation of all the components mentioned herein.

1. The funds shall be used exclusively for the purpose intended as reflected in the approved project proposal. No deviations shall be allowed except upon prior written application by the ACP and approval of the DOLE-RO. In the case of the TCP, it must be attested by the SRA Team. Any unauthorized deviation shall be a ground for termination of the MOA, without prejudice to the right of the DOLE to pursue any legal action to protect the interests of the government.

2. If after two months, from the date of release of funds to the ACP, the project is not yet being implemented, the MOA may be deemed resolved or rescinded without need of judicial action, pursuant to Article 1191 of the Civil Code of the Philippines. Immediate withdrawal of the funds shall be done by the DOLE-RO. For unreasonable delay, the ACP may be charged a penalty of 2% of the total unused funds per month.

3. In cases where the unused funds for a particular portion or phase of the project exceed 15% of the amount released to the ACP, revision of the project schedule may be allowed upon prior written application with and approval of the DOLE-RO. In such case, the MOA shall be amended accordingly. If the unused funds do not exceed 15% of the total amount released, no revision of the MOA shall be needed but the ACP shall submit a written justification for the delay, otherwise withdrawal of the unused funds may be done by the DOLE-RO with the corresponding penalty charge.

4. For the grant funds released, the ACP concerned shall keep a book of accounts separate and distinct from the book of accounts for the other financial transactions of the organization. The book of accounts shall be open for inspection or audit by the authorized DOLE officer upon reasonable notice.

5. Upon completion of the project, the ACP shall submit a Report of Disbursement with the appropriate receipts and other supporting documents. This report shall be verified by the president or chairman and the treasurer and validated by the authorized DOLE officer. Any unused or unliquidated amount of assistance upon completion of the project or phase thereof shall be returned to the DOLE-RO.

PART IV

OTHER PROVISIONS

1. Penalty Clause — All concerned are required to strictly comply with the provisions of this Order otherwise disciplinary action shall be imposed under existing laws, rules and regulations.

2. Repealing Clause — Provisions of existing rules and regulations inconsistent herewith are hereby amended or repealed accordingly.

3. Effectivity — This Order shall take effect immediately.

(SGD.) LEONARDO A. QUISUMBING

Secretary

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