

MALACAÑANG
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EXECUTIVE ORDER NO. 327

IMPLEMENTING CERTAIN PROVISIONS OF EXECUTIVE ORDERS NOS.
715 SERIES OF 1981; 238 SERIES OF 1987 AND 314
SERIES OF 1987 AND FOR OTHER PURPOSES

WHEREAS; all KKK Capital Funds/National Livelihood Support Funds and its earnings were placed and consolidated under the control and supervision of the Office of the President pursuant to Executive Orders Nos. 715 and 238;

WHEREAS; the President conscious of the need to address the livelihood concerns of the country issued Executive Order No. 314 creating and constituting the BKKK Committee to formulate basic policies for the Bagong Kilusang Kabuhayan at Kaunlaran; to redirect and refocus its thrusts and objectives in line with the aims of the present administration;

WHEREAS; the BKKK Committee recognizes the urgent need to address immediately the presidential directives and priorities in the delivery of livelihood opportunities and services to the unserved and unattended disadvantaged sectors of society;

WHEREAS; the government has enormous financial exposure that requires immediate recovery to be made available for the delivery of livelihood services;

NOW; THEREFORE; I; CORAZON C. AQUINO; President of the Philippines; by virtue of the powers vested in me by law; do hereby order:

SECTION 1. KKK Capital Funds Earnings and Utilization. All incomes of the KKK Capital Funds/National Livelihood Support Funds as consolidated under Executive Order No. 238 shall be maintained in an account of the BKKK-Office of the President with the Trustee Bank; or Trustee Banks so designated by the BKKK Committee in accordance with Executive Order No. 238 and Executive Order No. 314.

SECTION 2. Utilization and Disposition of Capital Funds. The foregoing guidelines; rules and procedures shall be observed in the utilization and disposition of Capital Funds:

A. DELIVERY SYSTEMS

1. All KKK Capital Funds already consolidated and placed under the BKKK-Office of the President shall be maintained with the Land Bank of the Philippines (LBP) Trust Department and such other Trustee Banks or Banks named by the BKKK Committee and may be transferred to other conduit banks as may thereafter be named by the BKKK Committee.
2. KKK Capital Funds shall be utilized for the promotion; generation and development of livelihood opportunities.
3. KKK Capital Funds shall be made available for livelihood programs/projects of line government agencies; private volunteer organizations (PVOs) or non-government offices (NGOs) which shall now actively participate in the government concern of addressing the livelihood needs of the unattended and unserved disadvantaged sectors.
4. The BKKK Secretariat shall "wholesale" its funds or complement these funds with other resources of government offices; PVOs or NGOs (hereafter called the Program Participant) which shall undertake the "retailing of funds"; administration; supervision and monitoring of livelihood programs/projects.
5. The BKKK Secretariat shall evaluate the instituted proposals for livelihood programs/projects of participating government offices; PVOs and NGOs and shall monitor their programs/projects with the objective of determining whether the funds released actually reached the intended beneficiaries.
6. Interest charges on released funds to the Program Participant shall be determined based on the proposal of the participating institutions but in no case shall exceed twelve percentum (12%) per annum.

B. FUND RELEASE AND REPAYMENTS

1. Mode of Fund Release - Upon receipt of the program action sheet and other pertinent documents from the BKKK Committee; the Trustee Bank or other designated bank shall release the funds directly to the Program Participant.
2. The Program Participant shall open an account with the LBP or the designated bank where the loan proceeds shall initially be deposited and maintained.

C. COLLECTION AND REPAYMENTS

1. Responsibility for Collection

The Program Participant as retailer of the funds shall be responsible for the collection of amortizations falling due and shall directly remit the same to LBP or the designated bank for the account of BKKK.

2. Maturity Period

The maturity period of the fund released to the Program Participant shall be based on the nature of the program/project duration; provided that it shall not exceed a maximum period of five (5) years.

3. Grace Period for Amortization Payment

As a general rule; a grace period of not more than one year for the principal payment shall be allowed from drawdown date to the Program Participant.

4. Default

The following instances shall constitute default and shall make the entire loan due and demandable:

- 4.1 In the event of non-payment of loan fund amortization by Program Participant;

the unpaid balance shall automatically become due and demandable in the following instances:

- 4.1.1 In case of monthly loan amortization payments the loan shall be deemed due and demandable immediately after the third consecutive defaulted loan amortization.
 - 4.1.2 In case of quarterly loan amortization payments; the loan shall be deemed due and demandable; immediately after the second consecutive defaulted loan amortization.
 - 4.1.3 In case of semi-annual loan amortization payments; the loan shall be deemed due and demandable after the second consecutive defaulted loan amortization.
 - 4.1.4 In case of annual/lump sum payments; immediately after one defaulted payment; provided a 30-day grace period is given the borrower.
- 4.2 Mismanagement of the Program Participant or its officers and/or Board of Directors as determined by the Credit Committee.

5. Notice of Default

A notice of loan arrearage shall be sent by the BKKK to the Program Participant upon default; copy furnished Land Bank of the Philippines.

D. RESTRUCTURING OF LOANS

If by reason of force majeure or fortuitous event directly affecting the project site (such as fire, flood or earthquake) the Program Participant if unable to repay its loan to the LBP may apply for restructuring of the loan; provided such events and incidents have been reported in writing to the Land Bank of the Philippines and the BKKK for proper verification within fifteen (15) days from occurrence thereof.

SECTION 3. Utilization and Disbursement of Fund Earnings. All interest accruing to the capital funds or income from its use; either thru lending; placements on government securities or with interest bearing bank accounts shall be known as earnings.

All earnings shall, subject to the approval of the BKKK Committee, be utilized and disbursed in accordance with Executive Order No. 715; Series of 1981 and this Executive Order.

SECTION 4. BKKK Organizations

A. BKKK COMMITTEE

1. The BKKK Committee created by virtue of Executive Order No. 314 is composed of the following:

Executive Secretary	-	Chairman
Undersecretary; Presidential Management Staff	-	Vice-Chairman
Dep. Executive Secretary	-	Member
Asst. Executive Secretary for Budget and Corporate Affairs	-	Member
Presidential Legal Counsel	-	Member

2. The BKKK Committee shall continue to perform its duties and discharge the responsibilities as provided for in Section 2 of Executive Order No. 314; S. 1987. In accordance with Executive Order No. 238; the Committee shall be responsible in overseeing the consolidation of all KKK Capital Funds/National Livelihood Support Fund and the collection of all outstanding accounts to be consolidated.

B. BAGONG KILUSANG KABUHAYAN AT KAUNLARAN - EXECUTIVE COMMITTEE

A BKKK Executive Committee is hereby created composed of the Assistant Secretary of the Presidential Management Staff as Chairman; and two other members to be designated by the BKKK Committee.

Its functions are as follows:

1. Review and recommend general policies and guidelines referred to it by the BKKK Secretariat for BKKK Operations.
2. Perform such other functions as may be assigned to it by the BKKK Committee from time to time.

C. BAGONG KILUSANG KABUHAYAN AT KAUNLARAN (BKKK) SECRETARIAT

The Kilusang Kabuhayan at Kaunlaran - National Secretariat; constituted under Executive Order No. 715 and Memorandum Circular No. 001-03 and attached to the Presidential Management Staff under Executive Order No. 130 and Memorandum No. 85 shall be responsible for the following:

1. Implement the objectives and thrusts of the BKKK in promoting; generating and developing livelihood opportunities and productive enterprises as approved by the BKKK Committee.
2. Carry out the consolidation of all KKK Capital Funds/National Livelihood Support Fund in accordance with Executive Order No. 238 and the collection of all outstanding unpaid loans as directed by the BKKK Committee.
3. Conceptualize; evaluate; market and monitor BKKK as a Fund and its role in the delivery of livelihood opportunities and services to the unserved; unattended; displaced and disadvantaged sectors of society in accordance with the priorities established by the BKKK Committee.

SECTION 5. Effectivity. This Executive Order shall take effect immediately upon signing.

Done in the City of Manila; this 9th day of June in the year of Our Lord; nineteen hundred and eighty-eight.

Corazon S. Aquino

By the President: ~

Catalino Macaraig, Jr.
CATALINO MACARAIG, JR.
Executive Secretary