

EXECUTIVE ORDER NO. 176

INSTITUTIONALIZING THE "ISANG BAYAN, ISANG PRODUKTO, ISANG MILYONG PISO" PROGRAM TO STIMULATE LOCAL ECONOMIC ACTIVITY

WHEREAS, a need exists for a stable alternative strategy to stimulate local economic activity and growth, given the vulnerability of foreign markets to fluctuations in major economies of the world;

WHEREAS, supporting countrywide growth of our local small and medium enterprises would be an ideal and stable program to stimulate local economic activity and sustain the anti-poverty thrust of the government;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, upon consultation with the Secretary of Trade and Industry and by virtue of the powers vested in me by law, do hereby order:

SECTION 1. Institutionalization and Objectives of the Program. There is hereby institutionalized the "*Isang Bayan, Isang Produkto, Isang Milyong Piso*" Program, hereinafter referred to as the Program, with the objectives of stimulating local economic activity and small and medium enterprise (SME) growth, generating jobs, developing the countryside, and sustaining the anti-poverty thrust of government through countrywide lending to SMEs.

For purposes of this Executive Order and as provided under the Magna Carta for Small Enterprises (Republic Act No. 6977, as amended by Republic Act No. 8289), as amended by the Small and Medium Enterprise Development Council (SMEDC) through SMEDC Resolution No. 1, Series of 2003, in accordance with law, SME shall refer to any business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative, partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, have a value falling under the following categories:

micro	not more than	P 3,000,000
small	P 3,000,001	P 15,000,000
medium	P15,000,001	P100,000,000



SECTION 2. Program Features. The Program is designed such that the Government will allocate for lending to an SME, through identified Funding Sources, One Million Pesos (₱ 1 Million) for every city or municipality in the country.

For every city or municipality in the country, a product or service cluster will be identified for funding support, such that an SME offering such product or service in the said city or municipality shall be eligible to apply for a loan with a Funding Source.

A Funding Source shall grant loans to eligible SMEs which have complied with loan requirements at a maximum effective interest rate of ten percent (10%) per annum. If necessary and in accordance with applicable laws, a Funding Source may also require collateral or guarantees from the SME-borrower.

SECTION 3. Program Beneficiaries. The beneficiaries of the Program shall be eligible SMEs which provide a product or service that has been identified for funding support in the city or municipality.

SECTION 4. Funding Sources. Funding Sources for loans under the Program shall be as follows:

- a. The Effective Response to Alleviate Poverty Trust Fund, which is under the supervision of the Land Bank of the Philippines (LBP), is hereby renamed as the National Livelihood Support Fund (NLSF). The LBP shall allocate a maximum of Nine Hundred Million Pesos (₱900 Million) out of the capital fund of the NLSF for the Program.

The LBP is further directed to restructure the NLSF, its funds, personnel and programs, as the LBP may deem fit to better serve said mandate, in accordance with applicable laws, rules and regulations.

- b. Other Funding Sources shall include:
 - i. LBP, Six Hundred Million Pesos (₱600 Million);
 - ii. Development Bank of the Philippines, Five Hundred Million Pesos (₱500 Million);
 - iii. Technology and Livelihood Resource Center (TLRC), Seventy Million Pesos (₱70 Million); and
 - iv. Small Business Guarantee and Finance Corporation, Fifty Million Pesos (₱50 Million).



- c. **Funding Sources** may likewise include other government instrumentalities and agencies, government financial institutions and government-owned or controlled corporations whose respective mandates are consistent with the objectives of the Program.
- d. Previous loans which have been bridge-financed under the Program by other Funding Sources prior to the issuance of this Executive Order shall be taken out by government financial institutions and government-owned or controlled corporations, upon compliance with their respective loan requirements.

SECTION 5. Policy-Making. Policies of the Program shall be made under the direction, supervision and control of the Office of the President, as assisted by the Secretary of Trade and Industry.

SECTION 6. Lead Agency. The Department of Trade and Industry (DTI) shall be the lead agency of the Program. As the lead agency of the Program, the DTI, through its regional and/or provincial offices, shall undertake the following:

- i. Coordinate with local government units, Funding Sources and eligible SMEs to accomplish the objectives of the Program;
- ii. After a review of the economic factors in each city or municipality and in coordination with local government units, identify a product or service for each city or municipality that an SME must provide to be eligible to avail of the loans under the Program;
- iii. Coordinate with and assist the local government of the city or municipality, as the case may be, in screening and identifying eligible SMEs, in accordance with Program guidelines;
- iv. In cooperation with the Department of Agrarian Reform, the Department of Agriculture, and the TLRC, provide technical assistance to eligible SMEs in relation to project proposals and documentation required for application and availment of loans under the Program;
- v. Monitor performance of SMEs who availed of loans under the Program; and
- vi. Submit an annual review and report on the progress and development of the Program to the President of the Philippines within thirty (30) days from the end of each calendar year.



SECTION 7. Technological Support. The Department of Science and Technology, assisted by the Technical Education and Skills Development Authority, the TLRC, and the DTI, shall provide technological support, as may be needed.

SECTION 8. Implementing Guidelines, Rules and Regulations. Within thirty (30) days from the effectivity of this Executive Order, the DTI shall issue the appropriate guidelines, rules and regulations to implement the provisions of this Executive Order, subject to the approval of the President of the Philippines.

SECTION 9. Amendment and Repeal. Executive Order No. 138 dated August 10, 1999, insofar as it is inconsistent with this Executive Order, is hereby amended accordingly.

All other executive orders, rules and regulations, and issuances, or portions thereof, inconsistent with this Executive Order are hereby repealed or amended accordingly.

SECTION 10. Effectivity. This Executive Order shall take effect fifteen (15) days after publication in a newspaper of general circulation.

DONE in the City of Manila, this 11th day of February, in the year of our Lord, Two Thousand and Three.



By the President:



ALBERTO G. ROMULO
Executive Secretary



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