

**Office of the President
of the Philippines
Malacañang**

MEMORANDUM ORDER NO. 85

DIRECTING THE ABOLITION OF THE NATIONAL LIVELIHOOD DEVELOPMENT CORPORATION, AND FOR OTHER PURPOSES

WHEREAS, pursuant to Executive Order (EO) No. 681 (s.2007), as amended, the National Livelihood Development Corporation (NLDC) is a chartered government-owned or -controlled corporation (GOCC) arising from the merger of the Livelihood Corporation (LIVECOR) and the National Livelihood Support Fund (NLSF);

WHEREAS, under Republic Act (RA) No. 6977, as amended, the Small Business Corporation (SBC) is a chartered GOCC mandated to develop comprehensive policies and programs to assist micro, small and medium enterprises (MSMEs) in all areas;

WHEREAS, the Land Bank of the Philippines (LBP) is a Government Financial Institution (GFI) created by RA No. 3844;

WHEREAS, pursuant to Section 5(a) of RA No. 10149, or the "GOCC Governance Act of 2011," the Governance Commission for GOCCs (GCG) shall reorganize, merge, streamline, abolish, or privatize a GOCC that performs "functions or purposes [that] duplicate or unnecessarily overlap with functions, programs, activities, or projects already provided by a Government Agency;"

WHEREAS, at present, there are six (6) GFIs providing financial services to the microfinance sector, namely, NLDC, SBC, LBP, People's Credit and Finance Corporation (PCFC), Development Bank of the Philippines (DBP), and Philippine Postal Savings Bank (PPSB), all of which fall within the regulatory jurisdiction of the GCG; and

WHEREAS, the GCG recommended the abolition of NLDC due to the overlapping programs and functions of NLDC, PCFC, and SBC, which offer similar credit products and capacity building services. NLDC, PCFC, and SBC provide wholesale lending and technical assistance to microfinance institutions (MFIs) that extend microfinance services to qualified households.

NOW, THEREFORE, the following are hereby ordered:

SECTION 1. Abolition of NLDC. The NLDC is hereby abolished.

SECTION 2. Transfer of Assets and Liabilities of NLDC to LBP. The assets and liabilities of NLDC shall be transferred to the LBP. The net worth of NLDC shall represent additional capital infusion to LBP by the National Government, for which LBP shall issue the corresponding number of shares in favor of the National Government.

SECTION 3. Transfer of Functions and Portfolios of NLDC to LBP and SBC. The functions and portfolios of NLDC shall be absorbed by LBP and SBC, as the case may be. LBP shall create a special window for the provision of microfinance services.

The MFI partners of NLDC that qualify for bank credit shall be referred to LBP while MFIs serving hard-to-reach markets and with risk profiles that do not qualify for bank credit shall be referred to SBC.

SECTION 4. Focus of SBC on MSMEs. SBC shall refocus its microfinance activities to small MFIs serving hard-to-reach markets and with risk profiles that do not qualify for bank credit. In order to fully concentrate on MSMEs, SBC shall encourage its existing creditworthy MFI partners to seek financing arrangements with LBP and/or other private banks.

SECTION 5. Compensation for Affected Personnel. Affected officials and personnel of NLDC may avail of the options and benefits under RA No. 6656 (s.1988).

Funding for the separation pay and other benefits of affected officials and personnel of NLDC shall be sourced from the corporate funds of NLDC. The Department of Budget and Management (DBM) shall ensure that there are sufficient funds to cover compensation for affected personnel.

SECTION 6. Creation of Technical Working Group. To implement the provisions of this Order, the GCG shall be assisted by a Technical Working Group composed of representatives from the following departments, agencies, and GOCCs:

- a. **LBP** – shall absorb the assets and liabilities of NLDC, and assume the function of NLDC to provide wholesale lending and capacity building services to qualified MFIs;
- b. **SBC** – shall assume the function of NLDC to service small MFIs serving hard-to-reach markets and with risk profiles that do not qualify for bank credit;
- c. **Department of Finance** – shall be responsible for the coordination and/or supervision of the transfer of assets and liabilities of NLDC to LBP; and
- d. **DBM** – shall be responsible for ensuring the payment of incentives to affected personnel in accordance with the provisions of RA No. 6656 (s.1988) in case of insufficiency of corporate funds of NLDC.

SECTION 7. Separability. If any provision of this Order is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

SECTION 8. Repeal. All other orders, rules, regulations, and issuances or parts thereof which are inconsistent with this Order are hereby repealed or modified accordingly.

SECTION 9. Effectivity. This Order shall take effect immediately.

DONE, in the City of Manila, this 2nd day of September, in the year of our Lord, Two Thousand and Fifteen.

By Authority of the President:



PAQUITO N. OCHOA, JR.
Executive Secretary