



TECHNICAL SUPPORT OFFICE

Unit 2506 Raffles Corporate Center,
F. Ortigas Jr. Avenue, Ortigas Center,
Pasig City, Philippines 1605

NPM No. 33-2008

30 September 2008

MR. EDGAR V. GENEROSO

President and CEO

PEOPLE'S CREDIT AND FINANCE CORPORATION

395 Sem. Gil Puyat Avenue, M.C.P.O Box 1894,
1200 Makati City

**Re : Applicability of Republic Act No. 9184 to Beneficiaries of the
People's Development Trust Fund**

Dear. Mr. Generoso:

In letter dated 26 April 2007, the People's Credit and Finance Corporation requested for an opinion on whether Republic Act No. 9184 (R.A. No. 9184) shall apply to procurement activities undertaken by grant recipients or beneficiaries of the People's Development Trust Fund.

Based on your letter and the attached documents furnished to us, the salient facts are as follows:

1. The People's Development Trust Fund (PDTF) is established under Republic Act No. 8425, otherwise known as the Social Reform and Poverty Alleviation Act.
2. The PDTF in the amount of Four Billion Five Hundred Million Pesos (Php 4,500,000,000.00) shall be funded from the earnings of the Philippine Amusement and Gaming Corporation (PAGCOR), in addition to appropriations by Congress, voluntary contributions, grant gifts from both local and foreign sources as may be accepted or decided on by the National Anti-Poverty Commission.
3. Only the fruits of the PDTF shall be used for prescribed activities¹ intended to

¹ These are the following:

- (a) Consultancy and training services for micro finance institutions and their beneficiaries on the establishment of the necessary support services, social and financial preparation of beneficiaries, preparation of plans and programs including fund sourcing and assistance, establishment of credit and savings monitoring and evaluation mechanisms;
- b) Scholarship or training grants for microfinance staff and officers, and selected beneficiaries;
- c) Community organizing for microfinance, livelihood and micro-enterprises training services;
- d) Livelihood/micro-enterprise project/program feasibility studies and researches;
- e) Savings mobilization and incentive programs, and other similar facilities;
- f) Information and communication systems such as baseline surveys, development monitoring systems,

support the development of micro financing.

4. Further, under Sec. 11 of R.A. No. 8425, the PDTF may only benefit the following:
 - a) *Registered microfinance organizations* engaged in providing micro-enterprise services for the poor to enable them to become viable and sustainable;
 - b) *Local governments providing microfinance and micro-enterprise programs to their constituents:* Provided, that the PDTF shall not be used by the local governments for personal services and maintenance and other operating expenses; and
 - c) *Local governments undertaking self-help projects* where at least twenty-five percent (25%) of the total earnings of the PDTF shall be used exclusively for the provision of materials and technical services.

Please be advised that the aforementioned issue was raised before the Inter-Agency Technical Working Group (IATWG) of the Government Procurement Policy Board. The IATWG notes that R.A. No. 9184 governs the disbursement of public funds and that the PDTF, which is sourced from PAGCOR funds and Congressional appropriations, is certainly public in character.

However, R.A. No. 9184 only applies to any branch, department, office, agency, or instrumentality of government. Under Section 11 of R.A. No. 8425, the PDTF may be availed of by either public or private entities. Applicability of R.A. No. 9184 shall thus depend on whether the grant beneficiary is a government agency or not.


If, for instance, a procurement activity is being undertaken by a local government as a grant recipient of the PDTF, then R.A. No. 9184 should be applied. On the other hand, if the grant recipient is a non-governmental organization involved in micro financing, then R.A. No. 9184 need not be applied.

At this point, however, it bears stressing that although non-governmental micro-financing institutions, who are grant recipients of the PDTF, are not covered by R.A. No. 9184, they are highly encouraged to use transparent and competitive procurement procedures such as those prescribed by R.A. No. 9184.

-
- socioeconomic mapping surveys, organizational assessments, and other similar activities;
 - g) Legal and other management support services such as registration, documentation, contract review and enforcement, financial audit and operational assessment;
 - h) Information dissemination of microfinance technology; and
 - i) Other activities to support micro finance as approved by the designated agency administering the PDTF. (Section 11, R.A. 8425)

We hope to have provided sufficient guidance on the matter. Should you have additional questions, please do not hesitate to contact us.

Very truly yours,



RUBY U. ALVAREZ
Executive Director III