MEMORANDUM CIRCULAR

No. 20
Series of 2005

Subject: Omnibus Guidelines of the Project to Supplement Personnel Economic Resources (PROSPER)

I. Background Information

It is estimated that close to twenty percent (20%) of DSWD employees have a total family income falling below, within or barely above the poverty threshold. Majority of these low-income employees is willing and able to pursue family micro-enterprise which yield sustainable additional income. Moreover, these low-income employees may have free time outside of regular work hours to either personally engage in productive work or directly supervise home-based micro-enterprises.

As the main agency of the government concerned with poverty alleviation, DSWD realizes the need to take concrete measures geared towards alleviating poverty among its employees. Thus, the establishment of the Project to Supplement Personnel Economic Resources as part of the Department's Employee Welfare Program.

II. Project Description

The project is designed to provide low interest loans to rank and file employees regardless of employment status including MOA workers with salary grade 24 and below for a productive endeavor. It aims to provide opportunities for additional income of the employees through the promotion of entrepreneurship.

Of the P1,000,000.00 fund, the various field offices of the Department was given its allocation share of P50,000.00 each while the Central Office got P250,000.00

The loan will be used as working capital for livelihood projects which are expected to augment the income of the employees in the DSWD Central Office and Field Offices.
III. Project Objectives

A. General

To provide low-income DSWD employees with access to affordable credit facilities to finance their own micro-enterprise that will supplement income.

B. Specific

1. To augment the income of employees through the generation of sustained supplemental or alternative sources of income through self-managed micro-enterprises.

2. To enhance productivity and entrepreneurial knowledge and skills of participants through the provision of appropriate technical assistance.

3. To put in place mechanisms that shall ensure sustainability of employees micro-enterprises

IV. Project Management

The PROSPER Project Implementation shall be the responsibility of the committee to be created in Central Office in partnership with the Mutual Benefits Association (MBA) in Central Office or the counterpart Association/Credit Cooperative in the Field Offices.

A. Composition of the Committee

1. Project Management Committee (PMC) – Central Office
   a. Director, FMS - Chairperson
   b. Director, HRMDS - Vice-Chairperson
   c. Technical Staff from PMB (SEA Group) - member
   d. Technical Staff from Personnel Division – member
   e. Technical Staff from Fiscal Control Division – member
   f. Technical Staff from Legal Service – member
   g. Duly recognized union representative - member

2. Project Implementation Committee (PIC) – Field Office
   a. Assistant Regional Director – Chairperson
   b. HRMO III – member
   c. PEO III – member
   d. Duly recognized union representative - member
   e. Duly recognized Cooperative representative - member
B. General Functions of the Committee

1. The PMC shall be the policy making body of the project
2. The PMC shall also serve as PIC in Central Office
3. Review, evaluate, recommend and approve loan applications and project proposal
5. Monitor project implementation and recommend strategies/mechanisms for sustained and strengthened project implementation
6. Conduct one-day business management skills training
7. Prepare Project Status Reports

V. Fund Management

The MBA in Central Office or counterpart Association/Credit Cooperative in the Field Offices shall be the Fund Manager of PROSPER Fund and shall have the following responsibilities:

1. Open an interest-bearing checking account under the account name of PROSPER
2. Principal signatory of PROSPER Fund account
3. Record financial transactions and maintain Books of Accounts
4. Prepare Financial Statements
5. Prepare Individual ledger card of borrowers
6. Prepare Monthly Bank Reconciliation Statement
7. Custodian of PROSPER pertinent documents and financial records

VI. Implementing Procedure

A. Qualifications of Loan Applicants

1. DSWD employees regardless of employment status including MOA workers with at least one (1) year term and with salary grade 24 and below

2. Net take home pay should not be less than P3,000.00 after deducting the monthly amortization of the PROSPER loan.

3. The loan will be used exclusively for productive purposes or entrepreneurial project
B. Loan Application (Process Flow – Appendix A)

1. Employee files the Loan Application Form (LAF) (Appendix A.1) to the Technical Staff from Personnel Division (TS-PD) of PMC or HRMO III of PIC.

2. The TS-PD or HRMO III shall assess the paying capacity and determine the net home pay of the borrower. If the borrower qualifies for the loan, the TS-PD/HRMO III shall place control number to the LAF (example: LAF No. YY-MM-one series number for the year) and sign in Box A.

3. The TS-PD/HRMO III shall prepare and submit list of potential borrowers who will undergo an entrepreneurial skills training to the Technical Staff from PMB (TS-PMB) of PMC or PEO III of PIC.

4. The TS-PMB/PEO III shall conduct one-day Micro-Business Management Training with focus on:

   4.1 entrepreneurial characteristic assessment to determine the focus of technical assistance to be given to the borrowers
   4.2 basic micro enterprise training which will include project management, basic bookkeeping and financial statement preparation
   4.3 Preparation of Individual Project proposal (Appendix A.2)

5. The TS-PMB/PEO III shall evaluate the Project Proposal including site visit of the proposed business. The TS-SU/PEO III shall sign in Box B of the LAF after evaluation and completion of the training and forward/recommend approval of the loan to the PMC/PIC Chairperson.

6. The PMC/PIC Chairperson or the Vice-Chairperson shall review the PP and sign in Box C of the LAF upon approval of the loan applications and forward to the MBA or counterpart Association/Credit Cooperative.

7. The MBA Bookkeeper shall prepare the Disbursement Voucher (DV) and Check in the name of the respective borrowers.

8. The MBA/counterpart Association/Credit Cooperative Chairperson shall sign in the DV and check and forward to PMC/PIC Chairperson or Vice-Chair as alternate as co-signatory of the check.
9. The PMC/PIC Chairperson after co-signing the check shall forward the same to MBA Bookkeeper/counterpart association/cooperative for release to borrower. The borrower shall sign in Box D of the LAF and DV as acknowledgement receipt of the loan proceeds.

10. The MBA Bookkeeper/counterpart association/cooperative shall copy furnish the TS-PD/HRMO III of the approved LAF, DV and check as basis for the salary deduction in the monthly payroll.

11. The MBA Bookkeeper/counterpart association/cooperative shall now record the transaction in the Books of Accounts and prepare/maintain the individual subsidiary ledger card of the borrower.

12. Upon receipt of the loan repayments, the MBA Treasurer/counterpart association/credit cooperative shall deposit the corresponding amount to the PROSPER Fund account, copy furnish the TS-PD/HRMO III of the validated deposit slip with list of remittances as basis for posting the payment to individual ledger card of borrower and updating of balances.

13. In case of limited funds, loan applications shall be prioritized based on salary grade. Loan applicants with lower salary grades shall be given first priority provided that they have passed the eligibility requirements.

14. Application for Re-Loan will be allowed upon full payment of the previous loan, subject to availability of funds and there are no approved loan applications lined-up for the period.

C. Terms and Conditions of the Loan

1. Loan term shall be based on the capability to pay of the employee and profitability of the project as shown in the project proposal but in no case shall it be more than 12 months.

2. All applications for loan shall have co-maker, who is a permanent employee of the DSWD and shall be jointly liable to pay the said loan in case of default. The co-maker shall be of higher/or with equal salary grade with that of the principal borrower and is only allowed twice to act as co-maker.

3. The amount of the loan shall be based on the type of enterprise that the employee is proposing such as, but not limited to what is
4. The interest on the loan shall be computed at 2% per month diminishing principal balance. The processing fee of 1% due to MBA shall be deducted immediately on the following payroll month including the first monthly amortization of the loan. No prepaid charges on loans shall be deducted from the approved loan amount, thus, the borrower shall receive the face value of the loan approved by the committee.

5. Earnings from loans shall accrue to the PROSPER Fund account, while, earnings from bank interest shall be used for operational expenses of the Committee.

6. If the borrower used the loan for purposes other than what is indicated in the approved project proposal, said borrower will be suspended for three (3) years on PROSPER loan application commencing after full payment of the loan.

VII. Project Monitoring and Evaluation

The PMC in Central Office and the PIC in Field Offices with the assistance of MBA and its counterpart in Field Offices shall be responsible in the monitoring and evaluation of the PROSPER implementation. Appendix B provides for the tabulation of regular monitoring and evaluation reports.

The PMB-SEA Group with the assistance from the Personnel or any of the Committee members shall conduct monitoring activities of the individual projects on quarterly basis or as the need arises. The PMB-SEA Group shall also conduct Loan Utilization Check (LUC) within one (1) month after the loan is released to the borrower. The LUC will determine if the amount is utilized for productive purpose or entrepreneurial project.

VIII. Effectivity

This Circular shall take effect immediately and revokes previous orders and issuances inconsistent with it.

LUWAHLATI F. PABLO
OIC/Secretary
Appendix A

LOAN APPLICATION PROCESS FLOW

1. The employee files the loan application

2. Assess the paying capacity of the applicant, sign in Box A of the LAF if the borrower qualifies and submit list of potential borrowers for entrepreneurial skills training

3. Conduct 1-day Micro-Business Management training, evaluate the project proposal and sign in Box B of the LAF after training completion and evaluation

4. Review the project proposal and the loan application and sign in Box C of the LAF as approval

5. Prepares DV and Check in the name of the borrower and sign in the check

6. Review the prepared DV and check, co-sign in the check and return back the documents to MBA

7. Release the check to the borrower

8. Furnish the Personnel Division of the approved LAF, DV and check as basis for salary deduction

9. Initiate the deduction of monthly amortization of the loan from the monthly payroll

10. Receive the check and sign in the lower portion of the LAF as acknowledgement
PROSPER LOAN APPLICATION FORM

Control No.

PERSONAL DATA
Name ________________________________
Office ________________________________
Employment Status ____________________
Salary Grade/Amount __________________

LOANABLE AMOUNT
(please check one)
- P3000
- P4000
- P5000
- P6000
- P7000
- P8000
- P9000
- P10000

APPLICATION AGREEMENT
In consideration of the loan granted under this application, I promise to pay the amount to the Mutual Benefits Association (MBA) in accordance with the terms and conditions specified in Memorandum Circular No. _______ dated _______ which I have read and understood clearly and to which I bind myself to pay the required monthly amortization hereon through payroll deduction.

Signature of Borrower ________________________________

As Co-Maker, I fully understand that I am under the same obligation as the principal borrower, and in case of default in payment for whatever reason, I promise to pay the liability of the principal borrower of this loan.

Name and Signature of Co-Maker ________________________________

TO BE FILLED UP BY THE PMC/PIC

This is to certify that:

Personnel Division
the borrower has a monthly take home pay of not less than P3,000 after deducting the monthly amortization in the amount of P _______

Recommending Approval: ________________________________
Name and Signature ________________________________

PMB
the Project Proposal is feasible and that the borrower has completed the 1-day Micro-Enterprise Management Training.

Recommending Approval: ________________________________
Name and Signature ________________________________

FMS
the application for loan has been reviewed and has conformed with the PROSPER loan requirements.

Approved: ________________________________
Name and Signature ________________________________

Loan proceeds received by: ________________________________
signature over printed name
DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT
MUNGKAHING PROYEKTO
(Part - I)

I. PANGKALAHATANG IMPORMASYON:

A. Pangalan ng Proyekto: __________________________________________

B. Lokasyon ng Proyekto: ___________________________________________

K. Indibidwal/grupo/samahan nagmumungkahi ng proyekto:

D. Maaasahan umpisa ng pagsasagawa ng proyekto:

E. Pangangailangan kapital ng proyekto: _____________________________

II. LAYUNIN NG PAGTATAG NG PROYEKTO:

_________________________________________________________________
_________________________________________________________________

III. MGA IMPORMASYON UKOL SA PROYEKTO:

A. Pamamahala ng Proyekto: _________________________________________

B. Produksyon:

K. Pangangalakal:

D. Pondo:
IV. MGA BAHAGI NG PROYEKTO:

A. Tauhan

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<th>Pangalan</th>
<th>Kasanayan</th>
<th>Gawain</th>
<th>Bayad O Upa</th>
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B. Produksyon

1. Mga kinakailangang Hilaw na Sangkap

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<th>Bilang</th>
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<th>Halaga ng Bawat Isa</th>
<th>Kabuuang Halaga</th>
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2. Mga Kinakailangang Kagamitan

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TOTAL

3. Mga Iba Pang Gastos

a. Pamasahane
   P

b. Upa sa Puwesto/permit
   P

c. Gas, ilaw, tubig at iba pa
   P

d. Iba pa
   P

Kabuuang Halaga:
   P
### K. Pagbebenta

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<tr>
<th>Mamimili</th>
<th>Bilang/Dami</th>
<th>Uri</th>
<th>Halaga ng Bawat Isa</th>
<th>Kabuuan ng Halaga ng Benta</th>
<th>Kailang Kailangan</th>
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**TOTAL**

### D. Kailangang Pondo/Pinansyal (Ref.)
- IV. A. Tauhan
- IV. B.1 Hilaw ng Sangkap
- IV. B.2 Mga Kagamitan
- IV. B.3 Iba pang Gastusin

Kabuuang Halaga:

Bawas: Hawak na Pera

Kailangang Pondo/Kapital

### V. PAGKUKUWENTA NG TUBO

Inaasahang kita sa bawat panahon ng benta (K)

Idagdag: Ibang kita/benta

**Kabuuang Benta**

Awasin: MGA GASTUSIN

(Ref.)
- IV.B.1 Hilaw ng Sangkap
- IV.B.2 Mga Kagamitan (Dep. Cost)
- IV.A Pasahod/Labor Cost
- IV.B.3 Iba pang gastusin

**Kabuuang Benta**

Awasin: hulog sa hiniram na puhunan

**Natirang Kita/Hawak na Pera**

Inihanda ni:

---

**PEO III**

**Nagmumungkahi**

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**PEO III**
PROSPER TYPES OF ENTERPRISE

1. Trade and Commerce
   a. Sari-sari Store
   b. Buy and Sell/Vending
      ✓ Fish
      ✓ Dry Goods/RTW
      ✓ Pork Meat/Dressed Chicken
      ✓ Processed/Cooked Food
      ✓ Rice/fruits/Vegetables

   P3,000 – P10,000

2. Cottage Industry/Manufacturing
   a. Dressmaking
   b. Curtain/Pillows and Rugs Making

   P3,000 – P10,000

3. Livestock
   a. Hog Raising/Fattening
   b. Poultry
   c. Fish Pond

   P5,000 – P10,000

4. Transportation and Other Services
   a. Trisikad
   b. Beauty Parlor
   c. Dealership of Beauty Products and other personal apparels

   P5,000 – P10,000
## Appendix B

### PROJECT MONITORING AND EVALUATION REPORTS

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<th>REPORT</th>
<th>ASSIGNED</th>
<th>FREQUENCY</th>
<th>DESTINATION</th>
<th>DEADLINE</th>
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<tr>
<td>Bank Reconciliation Statement</td>
<td>MBA Bookkeeper</td>
<td>Monthly</td>
<td>PMC Chairperson</td>
<td>Every 20&lt;sup&gt;th&lt;/sup&gt; of the following month</td>
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<td></td>
<td>Counterpart Association/Credit Coop. Bookkeeper</td>
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<td>PIC Chairperson</td>
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<tr>
<td>Financial Statement</td>
<td>MBA Bookkeeper validated by TS-FCD</td>
<td>Quarterly</td>
<td>PMC Chairperson</td>
<td>Every 15&lt;sup&gt;th&lt;/sup&gt; of the month following the quarter</td>
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<tr>
<td>(Income Statement and Balance Sheet)</td>
<td>Counterpart Association/Credit Coop. Bookkeeper</td>
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<td>PIC Chairperson</td>
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<tr>
<td>Schedule of Interest Income and Accounts Receivable</td>
<td>MBA Bookkeeper</td>
<td>Monthly</td>
<td>PMC Chairperson</td>
<td>Every 20&lt;sup&gt;th&lt;/sup&gt; of the following month</td>
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<td>HRMO III and counterpart Coop</td>
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<td>PIC Chairperson</td>
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<td>PROSPER Fund Status Report (Appendix B.1)</td>
<td>TS-PMB and Vice-Chairperson of the PMC</td>
<td>Quarterly</td>
<td>PMC Chairperson</td>
<td>Every 15&lt;sup&gt;th&lt;/sup&gt; of the month following the quarter</td>
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<td>PIC Chairperson</td>
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<tr>
<td>PROSPER Project Status Report</td>
<td>Chairperson and Vice Chairperson of PMC</td>
<td>Quarterly</td>
<td>Secretary of DSWD</td>
<td>Every 15&lt;sup&gt;th&lt;/sup&gt; of the month following the quarter</td>
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A. Financial Status

Region _________ Start-Up Capital _________
No. of Beneficiaries _________ Capital Growth _________

Interest Income from:
- Loan
- Bank (net)

B. Project Status

1. No. of Successful Projects
2. Enumerate at least 5 successful projects with brief description of its operation

Prepared by: ___________________________
CO - PMC Vice-Chair
FO - PIC Chairperson

Noted by: ___________________________
CO - PMC Chairperson
FO - Regional Director