



Republic of the Philippines
Department of Social Welfare and Development
Batasan Pambansa Complex, Constitution Hills
Quezon City
Telephone No. 931-8101 to 07

08 August 2005

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
4. Co-Signatory of PROSPER Fund Account.
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

indicated in **Appendix A.3** but in no case should it be more than P10,000.00.

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.

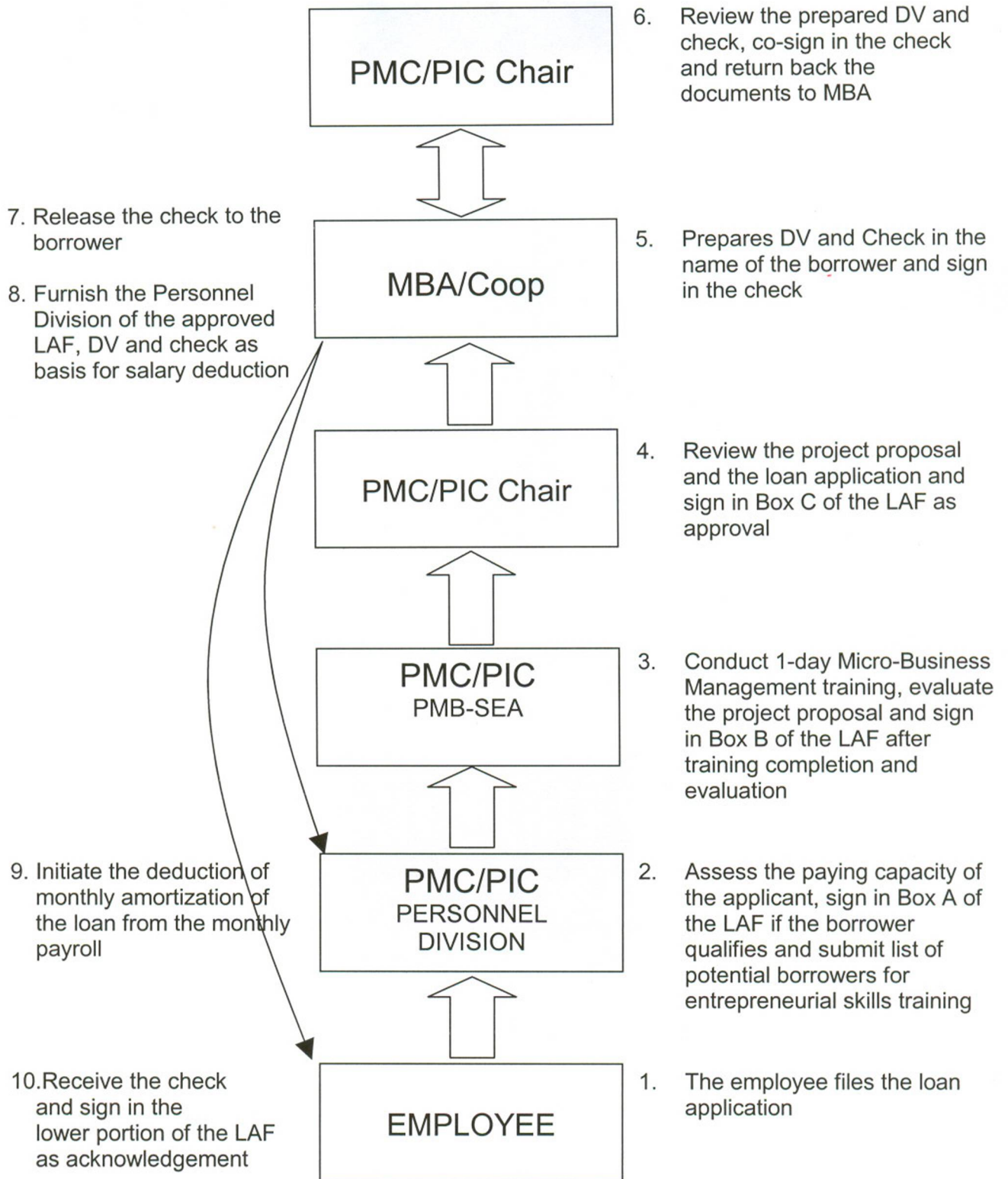
The PMB-SEA Group with the assistance from the Personnel or any of the Committee members shall conduct monitoring activities of the individual projects on quarterly basis or as the need arises. The PMB-SEA Group shall also conduct Loan Utilization Check (LUC) within one (1) month after the loan is released 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.


LUWALHATI F. PABLO
OIC/Secretary

LOAN APPLICATION PROCESS FLOW



PROSPER LOAN APPLICATION FORM

Control No. _____

PERSONAL DATA		
Name _____		
Office _____		
Employment Status _____		
Salary Grade/Amount _____		
LOANABLE AMOUNT		
(please check one)		
<input type="checkbox"/> P3000	<input type="checkbox"/> P6000	<input type="checkbox"/> P9000
<input type="checkbox"/> P4000	<input type="checkbox"/> P7000	<input type="checkbox"/> P10000
<input type="checkbox"/> P5000	<input type="checkbox"/> P8000	
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:		
<div style="border: 1px solid black; padding: 5px;"> <div style="display: flex; justify-content: space-between;">Box APersonnel Division</div> <p>the borrower has a monthly take home pay of not less than P3,000 after deducting the monthly amortization in the amount of P _____</p> <p>Recommending Approval:</p> <p style="text-align: center;">_____ Name and Signature</p> </div>	<div style="border: 1px solid black; padding: 5px;"> <div style="display: flex; justify-content: space-between;">Box BPMB</div> <p>the Project Proposal is feasible and that the borrower has completed the 1-day Micro-Enterprise Management Training.</p> <p>Recommending Approval:</p> <p style="text-align: center;">_____ Name and Signature</p> </div>	<div style="border: 1px solid black; padding: 5px;"> <div style="display: flex; justify-content: space-between;">Box CFMS</div> <p>the application for loan has been reviewed and has conformed with the PROSPER loan requirements.</p> <p>Approved:</p> <p style="text-align: center;">_____ Name and Signature</p> </div>
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

Pangalan	Kasanayan	Gawain	Bayad O Upa

B. Produksyon

1. Mga kinakailangang Hilaw na Sangkap

Bilang	Yunit	Uri	Halaga ng Bawat Isa	Kabuuang Halaga
TOTAL				

2. Mga Kinakailangang Kagamitan

Bilang	Yunit	Uri	Halaga ng Bawat Isa	Kabuuang Halaga
TOTAL				

3. Mga Iba Pang Gastos

- a. Pamasaha P _____
- b. Upa sa Puwesto/permit P _____
- k. Gas, ilaw, tubig at iba pa P _____
- d. Iba pa P _____
- Kabuuang Halaga: P _____**

K. Pagbebenta

Mamimili	Bilang/Dami	Uri	Halaga ng Bawat Isa	Kabuuan ng Halaga ng Benta	Kailan Kailangan
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

P _____

P _____

P _____

Kabuuang Halaga:

P _____

Bawas: Hawak na Pera

P _____

Kailangang Pondo/Kapital

P _____

V. PAGKUKUWENTA NG TUBO

Inaasahang kita sa bawat panahon ng benta (K)

P _____

Idagdag: Ibang kita/benta

P _____

Kabuuang Benta

P _____

Awasin: MGA GASTUSIN

P _____

(Ref.) IV.B.1 Hilaw ng Sangkap

P _____

IV.B.2 Mga Kagamitan (Dep. Cost)

P _____

IV.A Pasahod/Labor Cost

P _____

IV.B.3 Iba pang gastusin

P _____

Kabuuang Benta

P _____

Awasin: hulog sa hiniram na puhunan

P _____

Natirang Kita/Hawak na Pera

P _____

Inihanda ni:

PEO III

Nagmumungkahi

PEO III

PROSPER TYPES OF ENTERPRISE

1. Trade and Commerce **P3,000 – P10,000**
 - a. Sari-sari Store
 - b. Buy and Sell/Vending
 - ✓ Fish
 - ✓ Dry Goods/RTW
 - ✓ Pork Meat/Dressed Chicken
 - ✓ Processed/Cooked Food
 - ✓ Rice/fruits/Vegetables

2. Cottage Industry/Manufacturing **P3,000 – P10,000**
 - a. Dressmaking
 - b. Curtain/Pillows and Rugs Making

3. Livestock **P5,000 – P10,000**
 - a. Hog Raising/Fattening
 - b. Poultry
 - c. Fish Pond

4. Transportation and Other Services **P5,000 – P10,000**
 - a. Trisikad
 - b. Beauty Parlor
 - c. Dealership of Beauty Products and other personal apparels

Appendix B

PROJECT MONITORING AND EVALUATION REPORTS

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

PROSPER FUNDS STATUS REPORT

As of _____

A. Financial Status

Region _____
No. of Beneficiaries _____

Start-Up Capital _____
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:

Noted by:

CO - PMC Vice-Chair
FO - PIC Chairperson

CO - PMC Chairperson
FO - Regional Director