

[EXECUTIVE ORDER NO. 252, December 01, 2003]

**TRANSFERRING THE ASSETS, FUNCTIONS, FUNDS, PERSONNEL
AND RECORDS OF THE MUNICIPAL DEVELOPMENT FUND OFFICE
TO AN AFFILIATE CORPORATION OF THE LAND BANK OF THE
PHILIPPINES AND FOR OTHER PURPOSES**

WHEREAS, it is the long-term goal of the National Government to develop a viable and sustainable financing system that will enable local government units to have greater access to financing their investment needs at competitive terms;

WHEREAS, an autonomous corporate entity imbued with capital structure participated in by local governments, the private sector and other stakeholders will serve the vast financing requirements of local government units;

WHEREAS, the Municipal Development Fund, a revolving fund created under Presidential Decree No. 1914 and capitalized and funded from proceeds of foreign loans, assistance or grants made available to local governments for specific purposes, project components and activities set forth in international agreement with foreign governments and international organizations was reorganized under Executive Order No.41 as an Office under the Department of Finance (DOF) and renamed the Municipal Development Fund Office (MDFO), to finance lower income local governments and social and environmental projects that find great difficulty in getting financing from government and private banks;

WHEREAS, the 1991 Local Government Code represented a major step forward in a system of decentralization that created a need for local government units to have greater access to sources of funding for development projects;

WHEREAS, the increasing need for local government financing and a more effective management and implementation of the Municipal Development Fund can be met more effectively by a corporate entity serving as one of the principal sources of financing local government projects and programs; and WHEREAS, this corporate entity can be efficiently affiliated to a government financial institution and in the process relieve the National Government from the burden of providing budgetary support and other financial commitments.

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order and direct:

SECTION 1. The DOF, through the Policy Governing Board of the MDFO, to transfer functions, property and such personnel as may be found qualified, as well as the assets and undrawn portion of all loans from bilateral and multilateral foreign financial institutions that are for relending to local government units to the Municipal Finance Corporation (MFC), an affiliate to be organized by the Land Bank of the