

[EXECUTIVE ORDER NO. 58, July 25, 2018]

APPROVING THE MERGER OF THE HOME GUARANTY CORPORATION AND THE PHILIPPINE EXPORT-IMPORT CREDIT AGENCY (PHILEXIM), TRANSFERRING THE GUARANTEE FUNCTIONS, PROGRAMS AND FUNDS OF THE SMALL BUSINESS CORPORATION, AND THE ADMINISTRATION OF THE AGRICULTURAL GUARANTEE FUND POOL AND THE INDUSTRIAL GUARANTEE AND LOAN FUND TO THE PHILEXIM, AND RENAMING THE PHILEXIM AS THE PHILIPPINE GUARANTEE CORPORATION

*Adopted: 23 July 2018
Date Filed: 25 July 2018*

WHEREAS, Section 2 of Republic Act (RA) No. 10149 or the "GOCC Governance Act of 2011," provides that the State recognizes the potential of government-owned or -controlled corporations (GOCCs) as significant tools for economic development, and that it is the policy of the State to actively exercise its ownership rights in GOCCs to promote growth by ensuring that their operations are consistent with national development policies and programs, and that said operations are rationalized and monitored centrally in order that government assets and resources are used efficiently;

WHEREAS, Section 5(a) of RA No. 10149 empowers the Governance Commission for GOCCs (GCG) to ascertain whether it is to the best interest of the State that certain GOCCs should be merged, reorganized or streamlined;

WHEREAS, the PhilEXIM, created under Presidential Decree (PD) No. 1080 (s.1977), as amended, and attached to the Department of Finance (DOF) pursuant to Executive Order (EO) No. 127 (s. 1987), provides guarantees to promote and facilitate the entry of foreign loans into the country for development purposes, having special regard to the needs of export-oriented industries, industries registered with the Board of Investments, and public utilities and industries;

WHEREAS, the Small Business Corporation (SBC), created under RA No. 6977, as amended, or the "Magna Carta for Micro, Small and Medium Enterprises (MSMEs)" and administratively attached to the Department of Trade and Industry (DTI) pursuant to RA No. 6977, as amended, is charged with the primary responsibility of implementing comprehensive policies and programs to assist MSMEs in all areas including, but not limited to, finance and information services, training and marketing;

WHEREAS, the Home Guaranty Corporation (HGC), created under RA No. 8763 or the "Home Guaranty Corporation Act of 2000" and attached to the Housing and Urban Development Coordinating Council (HUDCC) pursuant to EO No. 90 (s. 1986),

guarantees the payment of any and all forms of mortgages, loans and other forms of credit facilities and receivables arising from financial contracts exclusively for residential purposes and the necessary support facilities;

WHEREAS, the Agricultural Guarantee Fund Pool (AGFP), created under Administrative Order (AO) No. 225 (s. 2008), as amended, and placed under the administrative supervision of the Department of Agriculture (DA) and in trust with the Land Bank of the Philippines (LBP), is intended to mitigate the risks involved in agriculture lending, thereby facilitating the provision of credit in the agriculture sector;

WHEREAS, the Industrial Guarantee and Loan Fund (IGLF), under the administrative supervision of the Development Bank of the Philippines (DBP), is a relending and guarantee program established in 1952 by the Governments of the Republic of the Philippines and the United States of America for the purpose of encouraging the establishment and expansion of financially, technically and economically viable cottage, small and medium enterprises that would contribute to the country's economic development;

WHEREAS, the merger of the HGC and PhilEXIM, with the PhilEXIM as the surviving entity, and the transfer of the guarantee functions, funds and programs of the SBC, and the administration of the AGFP and IGLF to the PhilEXIM, are in accordance with the goal of ensuring sound macroeconomic policy through fiscal, monetary and trade policies that will work towards stability, inclusivity, competitiveness and resiliency of the economy under the Philippine Development Plan 2017-2022;

WHEREAS, the merger and transfer of guarantee functions to the PhilEXIM is in the best interest of the State, as (i) the merger and transfer of guarantee functions and programs will benefit from economies of scale, prevent operational redundancies, standardize policies, processes and procedures for similar guarantee facilities and programs, facilitate timely approvals and lower administrative costs; (ii) a more efficient allocation of government contributions will be achieved with the pooling of all resources provided under the different guarantee mechanisms; and (iii) under a centralized approach, the National Government will have a more comprehensive oversight of its guarantees to effectively identify, monitor and control risks, implement necessary measures to manage risks and provide appropriate capital against those risks;

WHEREAS, Section 27 of RA No. 10149 provides that a government agency seeking to establish a GOCC or a Related Corporation under the Corporation Code shall submit its proposal to the GCG for review and recommendation to the President for approval, before registering the same with the Securities and Exchange Commission (SEC);

WHEREAS, Section 7 of PD No. 1080 provides that the PhilEXIM Board may increase the authorized capital stock of the said GOCC, subject to the approval of the President of the Philippines;

WHEREAS, Section 17, Article VII of the 1987 Constitution provides that the President shall have control of all executive departments, bureaus and offices;

NOW, THEREFORE, I, RODRIGO ROA DUTERTE, President of the Philippines, by