

**[DOLE DEPARTMENT ORDER NO. 28, S. 1996,
January 10, 1997]**

**INTEGRATED GUIDELINES ON THE IMPLEMENTATION OF THE
PROMOTION OF RURAL EMPLOYMENT THROUGH SELF-
EMPLOYMENT AND ENTREPRENEURSHIP DEVELOPMENT
(PRESEED) PROGRAM**

Pursuant to the role of the Department of Labor and Employment (DOLE) as a livelihood flagship champion under the Social Reform Agenda of the government and as one of our contributions toward the attainment of the vision of the Philippines 2000, the Bureau of Rural Workers (BRW) in collaboration with the DOLE Regional Offices (DOLE-ROs) shall implement the Program: Promotion of Rural Employment Through Self-Employment and Entrepreneurship Development (PRESEED) to assist in the establishment/creation of rural micro enterprises nationwide.

To ensure its effective and efficient implementation, the following set of guidelines is hereby issued to program implementors.

PART I

THE PROGRAM

A. Description

The Promotion of Rural Employment Through Self-Employment and Entrepreneurship Development (PRESEED) Program is a response to the limited wage employment opportunities available in the rural areas. It is an entrepreneurship development program which delivers a package of interlinked services from client development and training to credit, technical assistance and handholding consultancy services.

Specifically, the program is addressed to the landless rural workers who are capable of absorbing new entrepreneurial activities.

PRESEED is a joint undertaking of the BRW, the DOLE-ROs, the Technical Education Skills and Development Authority (TESDA) and non-government organizations (NGOs) which serve as the program's accredited co-partners (ACPs) in its implementation.

B. Objectives

1. Provide self-employment thru the establishment of micro- enterprises for the rural workers and their families;
2. Develop rural enterprises that will generate employment and enhance

income above subsistence threshold level;

3. Identify and train rural workers with entrepreneurial skills thru an Enterprise Development Training;
4. Institutionalize an Accredited Co-Partner Development Program;
5. Establish linkages with the national and local levels for the delivery of support services essential to small enterprise development; and
6. Extend appropriate assistance or support services to sustain and/or expand operation of the established rural enterprises.

C. Coverage and Allocation

The Program shall be implemented nationwide. The allocation for the Program for each calendar year shall be approved by the Secretary.

PART II

PROVISIONS SPECIFIC TO LOAN COMPONENT

SECTION I. General Policies

A. Eligibility Criteria

1. For Accredited Co-Partners or ACPs

1.1 The eligible co-partners shall include non-government organizations (NGOs), private voluntary organizations (PVOs), socio-civic organizations, rural workers organizations (RWOs) which include the capable rural workers associations (RWAs), federations, cooperatives and labor unions.

1.2 These co-partners must be accredited by the concerned Department of Labor and Employment-Regional Livelihood Program Team (RLPT) under the DOLE Integrated Livelihood Program (DILP).

1.3 The ACPs shall serve as the DOLE's partners in the implementation of the PRESEED and shall likewise act as conduits of credit assistance.

1.4 The ACPs shall not in any case act as the beneficiaries except in the case of rural workers organizations as defined in B.1.a.

2. For Livelihood Program

2.1 The program must serve the rural workers and their families.

2.2 The program must respond to the real needs of the beneficiaries in the community based on needs analysis conducted by the ACP.

2.3 The program should contain the necessary components of an integrated service to the target clientele for a maximum impact to the community.

2.4 The program should complement other development plans in the community undertaken by other agencies and should be a priority by the local government units (LGUs).

2.5 The program should be supportive of the overall program of the LGU consistent with the local autonomy law.

3. For Livelihood Projects

3.1 Must be feasible and/or viable in the areas of organization and management, marketing, technical and financial as shown on the business plan or feasibility study.

3.2 Must utilize resources locally available within and the neighboring communities (barangays).

3.3 Must generate capital build-up adequate to self-sustain the project at the full payment of the loan.

3.4 For Phase 1, preference should be given to micro-enterprises that need start-up capital to commence operation, while for Phase 2, micro-enterprises which are already existing and are being proposed for expansion or diversification.

3.5 Must comply with all government rules and regulations.

4. For Clients/Beneficiaries

4.1 For the first phase, the eligible beneficiaries shall be limited to individual rural workers.

4.2 For the second phase, the eligible beneficiaries shall include individual or organized rural workers.

QUALIFICATIONS

i) Must be Filipino citizens and of legal age.

ii) Must have a good credit standing with no outstanding loan in arrears based on credit investigation by the ACP in any previous lending program/credit institutions.

iii) Must be capable and willing to provide an equity of at least 10% of the total project cost.

iv) Must be knowledgeable of the 3 R's ('rithmetic, 'riting and reading).

v) Must have passed the Entrepreneurial Tests (PRESEED Form 93-01) to be administered by the ACP.

vi) Must have successfully completed the entrepreneurship training in the case of Phase 1 beneficiaries.

- vii) Must have a family income below the poverty threshold.
- viii) Must not be related by blood to the third degree to any officer or employee involved with the program.

Rural Workers Organization

- i) Must have a legal personality.
- ii) Must possess/show the basic attributes of a functional organization.
- iii) Must have at least a minimum amount of organizational funds to sustain the current operational level of its existing activities and projects (funds from dues, membership fees and other income generating projects).
- iv) The organization has at least two (2) years continuing experience/s in successful project [issue-based, socio-economic projects (SEPs), mobilization or any project — simple or complex] planning, implementation and evaluation.
- v) Must have a good credit standing with any lending institution.
- vi) Must have a good reputation and relationship with the community.

B. Legal Features

1. *Purpose* — The loan is intended for relending by the ACP to the beneficiaries for financing their rural-based micro-enterprises.

2. *Loan Ceiling* — The maximum loan that an ACP can avail shall be determined on the basis of the program's requirements as reflected in the approved business plans (Phase 1) and program proposal (Phase 2) but the loan releases to be made by the DOLE-RO shall be limited to the funds made available to them. Below is the maximum loan per beneficiary:

Phase 1	individual	P25,000
Phase 2	individual	50,000
RWO		300,000

3. *Reavailments* — An ACP can avail of additional loan within the year, provided that the following requirements are met, to wit:

3.1 That the total approved loan has been fully disbursed and utilized by the target beneficiaries.

3.2 That the ACP has manifested its capability to implement an expanded livelihood program based on its successful participation in the program.

3.3 That the previous loan/s of the ACP to DOLE is/are not in default.

3.4 That the funds reavailed shall be utilized to finance different set of beneficiaries, from that originally granted financial assistance.

4. Interest Rate —

4.1 The loan to the ACP shall bear an interest rate of six percent (6%) per annum. An ACP may charge an additional interest provided that the total interest charged to the beneficiaries shall not exceed eighteen percent (18%) per annum.

4.2 The ACP shall not in any case charge the beneficiaries with an advance interest payment or any of its equivalent.

4.3 The interest on loan shall be applied twenty-one (21) banking days after the release of the loan to the ACP.

5. *Loan Maturity* — All loans shall be on a short term basis and payable within three (3) years inclusive of grace period, if there is any.

6. *Security Requirements* — To secure prompt payment of the loan, the ACP are required to issue post-dated checks payable to the Department of Labor and Employment that will correspond to the amortization schedule of the loan. The issuance of these post-dated checks shall be done upon receipt from the DOLE-RO of the checks representing the amount borrowed.

The officers of the ACP shall be severally liable to the obligation/loan availed by the ACP. All officers must affix their signature in the loan contract.

7. *Mode of Payment* — Loans may be payable annually, semi-annually, quarterly or monthly depending on the program proposal submitted by the ACP and as reflected in the approved amortization schedule.

8. *Grace Period* —

8.1 Whenever necessary, a grace period on the principal payment and not on the interest payment may be granted to any loan but shall in no case exceed six (6) months.

8.2 The provision of the grace period will not however extend the maturity of the loan but will just entail deferment of a specific principal payment covered by the grace period.

8.3 The grace period shall be applied on the first six months of the amortization schedule and should be reflected on the approved amortization schedule and on the loan contract.

9. *Rebate on Prompt Payment* — The ACP shall be granted a one percent (1%) rebate for prompt payment of a specific amortization but shall be applicable only to current loans. The 1% rebate shall be deducted outrightly from the specific amortization due and shall be applied on specific interest charges and not on the principal payment.

10. *Penalty* — The ACPs shall be charged a penalty of two percent (2%) of the amortization due per month for non-payment. The computation of the penalty shall be done on a non-cumulative manner.