

[EXECUTIVE ORDER NO. 849, December 15, 2009]

AUTHORIZING THE ORGANIZATION OF THE MILLENNIUM CHALLENGE ACCOUNT-PHILIPPINES AS A SUBSIDIARY OF THE DEVELOPMENT BANK OF THE PHILIPPINES MANAGEMENT CORPORATION TO FUNCTION AS THE ACCOUNTABLE ENTITY OR CENTRAL POINT OF CONTACT FOR THE MILLENNIUM CHALLENGE ACCOUNT COMPACT ASSISTANCE TO THE PHILIPPINES AND SETTING GENERAL GUIDELINES THEREFOR

WHEREAS, the Millennium Challenge Corporation (hereinafter referred to as "MCC") is a United States Government corporation established to manage the Millennium Challenge Account, with a mission to reduce global poverty through sustainable economic growth, based on the principle that aid is most effective when it reinforces good governance, economic freedom, and investments in people;

WHEREAS, in June 2006, the MCC Board of Directors approved the Philippine Threshold Program Assistance ("Threshold Program") focused on addressing improved tax and customs administration and anti-corruption efforts by the Government of the Republic of the Philippines ("Government");

WHEREAS, in March 2008, the MCC Board of Directors selected the Philippines as eligible to apply for an MCC Compact ("Compact"), noting the country's consistent performance on eligibility criteria and its effective implementation of the Threshold Program;

WHEREAS, in December 2009, the MCC Board of Directors unanimously approved the reselection of the Philippines as Compact-eligible;

WHEREAS, as a requisite for its proposal for MCC funding and entering into a Compact, the government of a Compact-eligible country must identify a legal entity that will be accountable for projects funded by the MCC, in accordance and consistent with the Guidelines for Accountable Entities and Implementation Structures ("MCC Guidelines") issued by the MCC;

WHEREAS, the Development Bank of the Philippines (DBP) is a government financial institution operating under Executive Order No. 81, which provided for DBP's 1986 Revised Charter, amending Republic Act No. 85, as amended;

WHEREAS, the Development Bank of the Philippines Management Corporation (DBPMC) is a subsidiary created under DBP Board Resolution No. 3403 of 21 October 1981 and incorporated on 5 November 1981 and registered under Securities and Exchange Commission Regulation No. 0102149 on 3 December 1981; DBPMC is mandated, inter alia, to provide investment and management counsel for government instrumentalities, non-profit organizations, and other entities;

WHEREAS, discussions with the Department of Finance (DOF), MCC, DBP, and DBPMC have determined that a subsidiary under the DBPMC can provide the legal entity required to function as the Accountable Entity under the Compact.

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by the powers vested in me by the Constitution and the law, do hereby authorize the organization of Millennium Challenge Account-Philippines ("MCA-Philippines"), a subsidiary under the DBPMC to function as the Accountable Entity required under the Compact, in accordance with the following:

I. ORGANIZATION

Section 1. Coordination. The DBPMC, in close consultation and coordination with the DOF and the MCC, shall organize and incorporate the subsidiary MCA-Philippines and shall take the steps necessary to ensure that the governing documents of MCA-Philippines are consistent with its mission towards Compact implementation and comply with MCC Guidelines.

1.1. The DBPMC shall cause to be extended to it the authorities, permits, primary and secondary licenses, and all other approvals necessary for the purpose from administrative and regulatory bodies such as, but may not be limited to, the DOF, Bangko Sentral ng Pilipinas (BSP), Office of the President (OP), and the Securities and Exchange Commission (SEC).

1.2. The DOF, in consultation and coordination with the MCC and relevant government authorities, shall manage all essential activities needed to be undertaken preparatory to the operation of MCA-Philippines and Compact implementation. The DOF may issue clarificatory guidelines, directives, or memoranda pursuant to this function.

1.3. The DOF shall undertake Subsection 1.2 above with guidance from the Inter-Agency Task Force for the MCA chaired by the Executive Secretary under Executive Order No. 607, s. 2007, as amended by Executive Order No. 607-A, s. 2009.

II. BOARD OF TRUSTEES

General Functions

Section 2. Oversight. – The Board of Trustees ("Board") shall oversee the functions of the Management Unit ("Management") and shall be responsible for evaluating and approving major decisions to be implemented by MCA-Philippines.

2.1. The Board shall perform its functions in accordance with the articles of incorporation and by-laws of MCA-Philippines and the laws and regulations pertinent to corporations prevailing in this jurisdiction.

2.2. The Board must follow the governing documents of MCA-Philippines, carry out its mission to implement the Compact, ensure MCC funding is used only for permitted purposes, and judiciously follow MCC guidelines.

2.3. The Board shall protect, preserve, and manage program assets consistent with the Compact and in accordance with applicable law.

Composition

Section 3. Voting Members – Upon incorporation, the Board shall be reorganized to be composed of thirteen (13) voting members from the government serving in ex officio capacity and from the non-government sector, as indicated hereunder:

- 3.1. The Executive Secretary, Office of the President, or his/her representative Deputy/Undersecretary;
- 3.2. The Secretary, Department of Foreign Affairs, or his/her representative Undersecretary;
- 3.3. The Secretary, Department of Finance, or his/her representative Undersecretary;
- 3.4. The Secretary, Department of Budget and Management (DBM) or his/her representative Undersecretary;
- 3.5. The Director General, National Economic and Development Authority, or his/her representative Deputy Director General;
- 3.6. The Secretary, Department of Social Welfare and Development (DSWD) or his/her representative Undersecretary;
- 3.7. The Secretary, Department of Public Works and Highways (DPWH) or his/her representative Undersecretary;
- 3.8. The Managing Director of the MCA-Philippines;
- 3.9. Three (3) Representatives from non-governmental organizations (NGOs) to be selected by the government in consultation with MCC;
- 3.10. The President of DBP; and
- 3.11. The President of DBPMC.

Section 4. Non-Voting Members - The Board shall have three (3) nonvoting members who shall assist in identifying implementation issues and help promote transparency in the decision-making process of the Board.

- 4.1. There shall be one (1) representative from the MCC; and
- 4.2. Two (2) nominees from the Stakeholders Committee.

Section 5. Election of Chair – The Board shall elect by a majority vote its Chairperson from among the voting Members. The Chairperson, who shall preside over meetings, shall serve for a year, or until a new election is held.

Section 6. Voting Power – All voting Board shall be entitled to one (1) vote, except that the Chair shall vote only in case of a tie.

Section 7. Quorum. The presence of a simple majority of the voting members shall constitute a quorum for the purpose of transacting its business, provided that the presence of at least one (1) voting Non-government Board member shall be indispensable in constituting a quorum.