

[MEMORANDUM ORDER NO. 85, September 02, 2015]

DIRECTING THE ABOLITION OF THE NATIONAL LIVELIHOOD DEVELOPMENT CORPORATION, AND FOR OTHER PURPOSES

WHEREAS, pursuant to Executive Order (EO) No. 681 (s.2007), as amended, the National Livelihood Development Corporation (NLDC) is a chartered government-owned or -controlled corporation (GOCC) arising from the merger of the Livelihood Corporation (LIVECOR) and the National Livelihood Support Fund (NLSF);

WHEREAS, under Republic Act (RA) No. 6977, as amended, the Small Business Corporation (SBC) is a chartered GOCC mandated to develop comprehensive policies and programs to assist micro, small and medium enterprises (MSMEs) in all areas;

WHEREAS, the Land Bank of the Philippines (LBP) is a Government Financial Institution (GFI) created by RA No. 3844;

WHEREAS, pursuant to Section 5(a) of RA No. 10149, or the "GOCC Governance Act of 2011," the Governance Commission for GOCCs (GCG) shall reorganize, merge, streamline, abolish, or privatize a GOCC that performs "functions or purposes [that] duplicate or unnecessarily overlap with functions, programs, activities, or projects already provided by a Government Agency;"

WHEREAS, at present, there are six (6) GFIs providing financial services to the microfinance sector, namely, NLDC, SBC, LBP, People's Credit and Finance Corporation (PCFC), Development Bank of the Philippines (DBP), and Philippine Postal Savings Bank (PPSB), all of which fall within the regulatory jurisdiction of the GCG; and

WHEREAS, the GCG recommended the abolition of NLDC due to the overlapping programs and functions of NLDC, PCFC, and SBC, which offer similar credit products and capacity building services. NLDC, PCFC, and SBC provide wholesale lending and technical assistance to microfinance institutions (MFIs) that extend microfinance services to qualified households.

NOW, THEREFORE, the following are hereby ordered:

SECTION 1. Abolition of NLDC. The NLDC is hereby abolished.

SECTION 2. Transfer of Assets and Liabilities of NLDC to LBP. The assets and liabilities of NLDC shall be transferred to the LBP. The net worth of NLDC shall represent additional capital infusion to LBP by the National Government, for which LBP shall issue the corresponding number of shares in favor of the National Government.

SECTION 3. Transfer of Functions and Portfolios of NLDC to LBP and SBC. The functions and portfolios of NLDC shall be absorbed by LBP and SBC, as the case may