

**[ DBM DEPARTMENT OF BUDGET AND  
MANAGEMENT AND DEPARTMENT OF TRADE AND  
INDUSTRY JOINT CIRCULAR NO. 2-95, December  
29, 1995 ]**

**GUIDELINES ON THE RELEASE AND UTILIZATION OF THE  
COUNTRYWIDE INDUSTRIALIZATION FUND APPROPRIATED IN  
THE GENERAL APPROPRIATIONS ACT**

**1.0**

**Purpose**

This Circular is issued to institute uniform guidelines/procedures on the release and utilization of funds appropriated under the Countrywide Industrialization Fund on the General Appropriations Act, pursuant to RA 7368.

**2.0**

**Rationale**

Republic Act No. 7368, also known as the Countrywide Industrialization Act (CIA) provides for the establishment of the Countrywide Industrialization Fund (CIF) to be the source of financial assistance to eligible projects, to be appropriated from the national budget and supplemented from bilateral and multilateral sources. The fund will be lent to qualified proponents, for projects that will accelerate countrywide industrialization through the establishment of manufacturing, processing, and related industries in every town and city not exceeding P30M and P40M, respectively. The fund is authorized to be appropriated for a period of five (5) years.

**3.0**

**Definition of Terms**

3.1 Countrywide Industrialization Fund (CIF) — Appropriations provided in the General Appropriations Act which shall be the source of financial assistance for countrywide industrialization projects.

3.2 Qualified Enterprise — These are enterprises involved in manufacturing, processing and related industries located in any municipality or city endorsed/approved by the Local Countrywide Industrialization Board (LCIB) of the respective municipality or city in accordance with the criteria and guidelines under Section 7 and 9 of the CIA and Countrywide Industrialization Office-Management Board Implementing Rules and Regulations.

3.3 Qualified Proponents — They are applicants/borrowers with enterprise satisfying

the seven (7) eligibility requirements described under Section 3.2 of this Circular.

**3.4 Conduit Bank** — For purposes of implementation of the CIA, this shall be either the Land Bank of the Philippines, Development Bank of the Philippines or Philippine National Bank which shall be responsible, among others, for the release of the financial assistance to the qualified proponents as authorized by the Countrywide Industrialization Office (CIO).

**3.5 Value of Real Physical Assets** — The assessed value of existing tangible assets of the project and those to be acquired/constructed out of the proposed financial assistance. These physical assets are land, building and improvements, and machineries and equipment.

## **4.0**

### **General Guidelines**

**4.1** The CIF shall be used for any projects/enterprises engaged in the manufacturing , processing and related industries which add value to domestic resources, and farm products, create employment and livelihood opportunities, enhance the well being of the rural areas, hasten the formation and the integration of intra-provincial and regional trade and industry linkaged thus sustaining national economic growth.

**4.2** Financial assistance shall be awarded to qualified enterprise in a total amount not exceeding eighty five percent (85%) of the value of the real physical assets of the project in the following maximum proportion to real physical assets of the project:

a. ten percent (10%) — grants (maximum) for pre-operating expenses, technical assistance, feasibility studies, post-production marketing assistance, training and institution-building.

b. twenty-percent (20%) — investment in equity by the CIF in the enterprise. This shall be subject to a stock purchase agreement within a ten-year period at book value, in which the project owners will be the priority buyers, the release of which shall be in accordance with the implementing rules and guidelines to be issued by DTI-CIO.

c. fifty five percent (55%) — soft or concessional loans.

The project sponsor must invest as equity at least fifteen percent (15%) of the real assets of the project.

**4.3** Interest rate on soft or concessional loans shall not be more than eleven percent (11%) per annum or seven percent (7%) above the CIFs or the National Government's actual borrowing rate from bilateral or multilateral lenders, whichever is lower.

**4.4** Fund release to the DTI-CIO shall be based on the list of projects duly approved by LCIBs/DTI-CIO.

**4.5** The funding assistance shall be released directly by the conduit bank to the