



**DEPARTMENT ADMINISTRATIVE ORDER NO. 02**  
Series of 2006

**Subject: Implementing Guidelines for the Administration of the BMBE Development Fund under Section 10 of Republic Act 9178, otherwise known as the Barangay Micro Business Enterprises Act of 2002.**

The following guidelines, rules and regulations governing the effective and proper administration and utilization of the BMBE Development Fund are hereby prescribed and promulgated for the information, implementation and guidance of all concerned:

**Section 1. *BMBE Development Fund.*** Pursuant to the provision of the first paragraph of Section 10 of RA 9178, a BMBE Development Fund shall be set up and to be administered by the SMED Council.

**Section 2. *Beneficiaries of the BMBE Development Fund.*** Pursuant to the provision of the second paragraph of Section 10 of RA 9178, the following government agencies may avail of the BMBE Development Funds so as to execute projects related to technology transfer, production and management training, and marketing assistance to BMBEs:

1. Department of Trade and Industry (DTI)
2. Department of Science and Technology (DOST)
3. University of the Philippines-Institute for Small Scale Industries (UP-ISSI)
4. Cooperative Development Authority (CDA)
5. Technical Education and Skills Development Authority (TESDA)
6. Technology and Livelihood Resource Center (TLRC)

End beneficiaries of the BMBE Development Fund shall be BMBEs as defined under section 3 of RA 9178.

**Section 3. *Qualified Projects.*** The following projects related to technology transfer, production and management training, and marketing assistance may qualify for funding under the BMBE Development Fund provided that the same are not funded by the regular budget of the proponent agencies:

1. Entrepreneurship Development
2. Skills Training
3. Business Advisory Services
4. Technology Intervention
5. Technology Incubation/Commercialization
6. Policy Advocacy (activities and studies)
7. Database Development
8. Business Matching Activities
9. Trade Fairs and Missions
10. Other related activities that will benefit BMBEs

**Section 4. *Procedures in Availing of the BMBE Development Fund.*** The following are the procedures for the availing of the BMBE Development Fund:

1. A beneficiary agency shall submit project proposals to the SMED Council at least six months prior to the calendar year of target implementation.
2. A Technical Working Group (TWG) composed of representatives from BSP, NEDA, SBGFC, DOLE, and a representative from the SME sector, as the head of the team, shall be created by the SMED Council to pre-evaluate project proposals.
3. A point system based on merit shall be employed by the TWG in prioritizing the project proposals which will be funded from the BMBE Development Fund.
4. Project proposals must include the following information: project name, proponent, responsible officials/designation, target beneficiaries, employment to be created, existing funding agencies, deliverables, total project cost, the reason for requesting financial assistance, and the action taken by the concerned agency's project screening committee (Annex "A").
5. The executing agency and the SMED Council shall enter into a Memorandum of Agreement (MOA) before the transfer of approved project funds can be effected (Annex "B").

**Section 5. Reporting System on the Fund Administration.** The SMED Council shall prepare annual accomplishment reports that will be submitted to Congress and the Office of the President concerning the utilization of the BMBE Development Fund.

The Small Business Guarantee and Finance Corporation (SB Corporation) as the designated fund manager (per SMEDC Res. No. 7, Series of 2004 dated 29 October 2004), shall submit to the SMED Council semi-annual reports (for period covering January-June and July-December) on the utilization and status of the BMBE Development Fund, duly signed by the Chairman of the SB Corporation and the COA Resident Auditor.

The Executing Agencies (DTI, DOST, UP-ISSI, CDA, TESDA, TLRC) shall provide the SMED Council with a quarterly audited report on the utilization of the BMBE Development Fund and status report on the progress of their respective projects (Annex "C").

**Section 6. Effectivity.** This order shall take effect fifteen (15) days after publication in a newspaper of general circulation.

Accordingly, all parties concerned are hereby informed that copies of Implementing Guidelines and proforma of project brief, MOA, and status report may be secured from the Bureau of Small and Medium Enterprise Development located at the 3/F Oppen Bldg., 349 Sen. Gil Puyat Avenue, Makati City.

**Section 7. Separability Clause.** If any provision or part hereof, is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

APPROVED: February 24, 2006

  
**PETER B. FAVILA**  
Secretary

Recommended by:

  
**ZORAYDA AMELIA C. ALONZO**  
Undersecretary, SMED Group

**ANNEX "A"**

Serial Number: \_\_\_\_\_

*(To be filled in by the SMEDC Secretariat)*

Date Received by the Secretariat: \_\_\_\_\_

**PROJECT BRIEF**

- 1. **Title:** *<Initiative/Project Title>*
  
- 2. **Executing Agency:** *<Name of Executing Agency>*  
*<Name, Title, Organization, Postal Address and Contact Numbers of Project Overseer>*
  
- 3. **Project Description:** *What does the project aim to achieve? (e.g. business growth expansion, employment generation, new business generation, etc.)*  
*What are the reasons for proposing this project? Why should it be considered a priority?*  
*(Include links to government objectives and priorities and to Agency or Sector Strategic Plans.)*
  
- 4. **Target Beneficiaries:** *Who and what places will benefit from the project?*
  
- 5. **How will the success of the project be measured:** *Describe the measure(s) which will indicate that the initiative has been successfully completed or the objectives realized.*
  
- 6. **Expected Outputs and Results:** *What will be the expected deliverable outputs and results at the end of the project?*
  
- 7. **Estimated Project Cost/ Project Source** *What is the estimated budget required to carry out the project? Include the details of required budget.*
  
- 8. **Timelines:** *What are the starting and ending dates of the project? Include milestones.*
  
- 9. **Cooperating Agencies:** *Who are the partner agencies, if any, in implementing the project?.*

**Endorsement**

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**Responsible Officer:**  
< Name>, <Title>

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**Project Sponsor:**  
<SMED Council>, <Title>

**ANNEX "B"**

**MEMORANDUM OF AGREEMENT**

**KNOW ALL MEN BY THESE PRESENTS:**

This Memorandum of Agreement made and entered into this \_\_\_ day of \_\_\_\_\_ 2006, in the City of Makati, by and between:

The **SMALL AND MEDIUM ENTERPRISE DEVELOPMENT COUNCIL**, an inter-agency body attached to the Department of Trade and Industry (DTI) duly organized and created under and by virtue of Republic Act 6977, as amended by RA 8289, otherwise known as the "Magna Carta for Small Enterprises," with office address at the 3<sup>rd</sup> Floor, Oppen Building, 349 Sen.Gil Puyat Avenue, City of Makati, Philippines, represented herein by the Department of Trade and Industry Secretary, **HON. PETER B. FAVILA**, and hereinafter referred to as "SMED Council";

-and-

The \_\_\_\_\_, a government corporate body created on \_\_\_\_\_ by virtue of \_\_\_\_\_, with office address at the \_\_\_\_\_, Philippines, represented herein by its \_\_\_\_\_, \_\_\_\_\_, and hereinafter referred to as "\_\_\_\_\_";

**WITNESSETH : That** \_\_\_

**WHEREAS**, Section 10 of R.A. 9178, otherwise known as the "Barangay Micro Business Act of 2002", states that "*a BMBE Development Fund shall be set up with an endowment of Three Hundred Million Pesos (Php300,000,000) from PAGCOR and shall be administered by the SMED Council*";

**WHEREAS**, Section 10 of R.A. 9178 further provides that "*the Department of Trade and Industry (DTI), the Department of Science and Technology (DOST), the University of the Philippines Institute for Small Scale Industries (UP ISSI), Cooperative Development Authority (CDA), Technical Education and Skills Development Authority (TESDA), and Technology and Livelihood Resource Center (TLRC) may avail of said Fund for technology transfer, production and management training and marketing assistance to BMBEs*";

**WHEREAS**, in its \_\_\_<sup>th</sup> SMEDC meeting held on \_\_\_\_\_, the SMED Council has approved the project proposal on \_\_\_\_\_ by \_\_\_\_\_, amounting to P \_\_\_\_\_;

**NOW, THEREFORE**, be it resolved, as it is hereby resolved that the parties hereto agree and bind themselves as follows:

**DUTIES AND RESPONSIBILITIES**

**SMED COUNCIL**

1. Release, through the SB Corporation as Fund Manager, the needed project funds in the amount of \_\_\_\_\_.
2. Monitor the proper utilization of the project fund that was released to the executing agency.

3. Submit annual (calendar year) accomplishment report to Congress and the Office of the President concerning the utilization of the BMBE Development Fund.

**EXECUTING AGENCY**

1. Implement the project in accordance with the proposal approved by the SMED Council.
2. Submit to the SMED Council a quarterly audited report on the utilization of the project fund.
3. Submit to the SMED Council a quarterly status report on the progress of the respective projects and such other reports as may be required.
4. Submit a terminal report to the SMED Council upon completion of the project.

**EFFECTIVITY**

This agreement shall take effect as of the date of signing and shall remain effective, unless otherwise terminated upon due and formal notice of both parties involved herein at least thirty (30) days prior thereto.

The termination of this Agreement shall be without prejudice to the rights and liabilities of the parties which have accrued during the effectivity thereof.

SO AGREED.

IN WITNESS WHEREOF, the parties have hereunto affixed their signature on this \_\_\_\_ day of \_\_\_\_\_, 2006 at \_\_\_\_\_.

SMALL AND MEDIUM  
ENTERPRISE DEVELOPMENT  
COUNCIL/DEPARTMENT OF  
TRADE AND INDUSTRY

BENEFICIARY AGENCY  
(DTI, DOST, UP/ISSI, CDA, TESDA, TLRC)

\_\_\_\_\_  
**PETER B. FAVILA**  
DTI Secretary/SMEDC Chairman

\_\_\_\_\_  
**HEAD OF AGENCY**

Signed in the Presence of:

\_\_\_\_\_  
WITNESS

\_\_\_\_\_  
WITNESS

**ACKNOWLEDGEMENT**

**REPUBLIC OF THE PHILIPPINES**  
**CITY OF \_\_\_\_\_)**

BEFORE ME, this \_\_\_ day of \_\_\_ 2006, in the City of Makati, personally appeared Secretary Peter B. Favila with Community Tax Certificate No. \_\_\_\_\_ issued on \_\_\_\_\_ at \_\_\_\_\_ and (Head of Executing Agency) with Community Tax Certificate No. \_\_\_ issued on \_\_\_\_\_ at \_\_\_\_\_, both known to me to be the same person who executed the herein Memorandum of Agreement and they Acknowledge to me that the same is their free act and deed as well as the free act and deed of entity they represent.

This Memorandum of Agreement consists of three (3) pages including the page where the acknowledgement is written and signed by the parties and the witnesses on the left side of the portion of each and every page thereof.

WITNESS MY HAND AND SEAL on the day, year and place first above written.

Doc. No. \_\_\_\_\_  
Page No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of 2006

**ANNEX "C"**

(Name of Executing Agency)

**Quarterly Status Report**

*Project Name:*

*Project Start Date:*

*Project End Date:*

*Summary Report:*

<b>Activity</b>	<b>Measure of Success</b>	<b>Target Accomplishment</b>	<b>Actual Accomplishment</b>	<b>Costs Incurred</b>	<b>Remarks</b>

*Plans for Next Period:*

(Provide a bullet point summary of the most significant activities planned for the next period organized by active work plan segment.)

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