

SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )

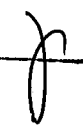


Senate  
Office of the Secretary

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SENATE

P. S. Res. No. 67

RECEIVED BY: 

Introduced by Senator Ralph G. Recto

**A RESOLUTION**

**URGING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE PLANNED ABOLITION OF THE PEOPLE'S CREDIT AND FINANCE CORPORATION (PCFC) WITH THE END IN VIEW OF ENSURING THAT GOVERNMENT FUNCTIONS ARE STREAMLINED AND EFFECTIVE AND EFFICIENT SERVICES ARE EXTENDED TO MICROFINANCE INSTITUTIONS**

WHEREAS, The People's Credit and Finance Corporation (PCFC) is a government-owned and controlled corporation (GOCC) registered with the Securities and Exchange Commission established by virtue of Administrative Order No. 148 dated September 8, 1994 and Memorandum Order No. 261 dated February 9, 1995;

WHEREAS, Republic Act No. 8425 or the Social Reform and Poverty Alleviation Act further strengthened the role of PCFC as the lead government entity tasked to provide microfinance services for exclusive use of the poor and to mobilize financial resources from local and international funding sources;

WHEREAS, As of September 2015, operations of PCFC covers all 81 provinces in the country, 144 cities and 1,093 of 1,490 municipalities to partner with 111 Micro Finance Institutions (MFIs), through which it has served 2,174,259 clients<sup>1</sup>;

WHEREAS, Loan releases of PCFC have totaled P21.6 million as of September 2015—where loan releases for Luzon was at P12.1 million, P4.2 million for Visayas, and P5.3 million for Mindanao<sup>2</sup>.

WHEREAS, The Governance Commission for Government-Owned or -Controlled Corporations (GCG), created on July 26, 2010 by virtue of Republic Act No. 10149, in its capacity to reorganize, merge, streamline, abolish or privatize a GOCC that has "functions or purposes [that] duplicate or unnecessarily overlap with the functions, programs, activities, or projects already provided by a government agency" had recommended to President Benigno S. Aquino III the abolition of the PCFC citing that its functions overlap with those of other Government Financial Institutions, namely: the National Livelihood Development Corporation (NLDC), Small Business Corporation (SBC), Landbank of the Philippines (LBP), and the Development Bank of the Philippines (DBP);

WHEREAS, On December 9, 2015 the Committee on Government Enterprises of the House of Representatives conducted an inquiry on the abolition of PCFC and from the inquiry it was made known that the recommendation to abolish PCFC was based on the following grounds: its functions overlap with four other government financial institutions, namely: NLDC, SBC,

<sup>1</sup> Operational Highlights of PCFC as of September 2015: <http://www.pcfc.ph/>

<sup>2</sup> Ibid.

LBP, and DBP; and that PCFC no longer achieves its objectives of nurturing MFIs and mobilizing resources for them;

WHEREAS, In the same inquiry, it was revealed that prior to the recommendation of the GCG to abolish PCFC, the former only consulted with the LBP, which is the supervising agency of PCFC, when GCG Memorandum Circular No. 2015-03 or Guidelines Covering the Merger of Abolition/Dissolution of GOCCs provides that there must also be a consultation with the GOCC's Governing Board;

WHEREAS, The GCG has mentioned in the inquiry that the plan of the government with regard to the microfinance industry is to consolidate wholesale lending under government banks and to encourage MFIs to resort to regular bank credit, to which the Microfinance Council of the Philippines expressed doubts on the LBP's capacity to provide the same dedication and service to small MFI's—citing difficulties in accessing loans from LBP and its more strict requirements;

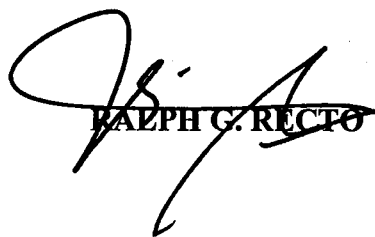
WHEREAS, On July 18, 2016, a manifesto signed by members of the Mindanao Microfinance Council (MMC) seeking to reverse the decision of the previous administration to abolish the PCFC was published in the broadsheet Philippine Daily Inquirer;

WHEREAS, members of the MMC have noted in the manifesto that in Mindanao alone, PCFC's total loan releases have increased from P150 million in 1998 to P5.7 billion in 2015, benefitting 1,822,381 clients;

WHEREAS, members of the MMC have also emphasized how PCFC has minimized the abusive practices of other informal lenders;

*NOW THEREFORE, BE IT RESOLVED*, by the Philippine Senate, to urge the appropriate Senate Committee to conduct an inquiry, in aid of legislation, on the planned abolition of the People's Credit and Finance Corporation (PCFC) with the end in view of ensuring that government functions are streamlined and effective and efficient services are extended to microfinance institutions.

Adopted,

  
RALPH C. RECTO

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