

Republic of the Philippines
Congress of the Philippines
Metro Manila

Tenth Congress

Republic Act No. 8425 December 11, 1997

**AN ACT INSTITUTIONALIZING THE SOCIAL REFORM AND POVERTY ALLEVIATION
PROGRAM, CREATING FOR THE PURPOSE THE NATIONAL ANTI-POVERTY
COMMISSION, DEFINING ITS POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES**

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled::

Section 1. Title. – This Act shall be known as the "***Social Reform and Poverty Alleviation Act.***"

Section 2. Declaration of policy. – It is the policy of the State to:

- (1) Adopt an area-based, sectoral and focused intervention to poverty alleviation wherein every poor Filipino family shall be empowered to meet its minimum basic needs of health, food and nutrition, water and environmental sanitation, income security, shelter and decent housing, peace and order, education and functional literacy, participation in governance, and family care and psycho-social integrity;
- (2) Actively pursue asset reform or redistribution of productive economic resources to the basic sectors including the adoption of a system of public spending which is targeted towards the poor;
- (3) Institutionalize and enhance the Social Reform Agenda, hereinafter known as the SRA, which embodies the results of the series of consultations and summits on poverty alleviation;
- (4) Adopt and operationalize the following principles and strategies as constituting the national framework integrating various structural reforms and anti-poverty initiatives:
 - (a) Social reform shall be a continuing process that addresses the basic inequities in Philippine society through a systematic package of social interventions;
 - (b) The SRA shall be enhanced by government in equal partnership with the different basic sectors through appropriate and meaningful consultations and participation in governance;
 - (c) Policy, programs and resource commitments from both government and the basic sectors shall be clearly defined to ensure accountability and transparency in the implementation of the Social Reform Agenda;
 - (d) A policy environment conducive to sustainable social reform shall be pursued;

(e) The SRA shall address the fight against poverty through a multi-dimensional and cross-sectoral approach which recognizes and respects the core values, cultural integrity, and spiritual diversity of target sectors and communities;

(f) The SRA shall pursue a gender-responsive approach to fight poverty;

(g) The SRA shall promote ecological balance in the different ecosystems, in a way that gives the basic sectors a major stake in the use, management, conservation and protection of productive resources;

(h) The SRA shall take into account the principle and interrelationship of population and development in the planning and implementation of social reform programs thereby promoting self-help and self-reliance; and

(i) The SRA implementation shall be focused on specific target areas and basic sectors.

Section 3. Definition of terms. – As used in this Act, the following terms shall mean:

(a) "*Artisanal fisherfolk*" – Refers to municipal, small scale or subsistence fishermen who use fishing gear which do not require boats or which only require boats below three (3) tons;

(b) "*Basic sectors*" – Refer to the disadvantaged sectors of Philippine society, namely: farmer-peasant, artisanal fisherfolk, workers in the formal sector and migrant workers, workers in the informal sector, indigenous peoples and cultural communities, women, differently-abled persons, senior citizens, victims of calamities and disasters, youth and students, children, and urban poor;

(c) "*Cooperative*" – Refers to a duly registered association of at least fifteen (15) persons, majority of which are poor, having a common bond of interest, who voluntarily join together to achieve a lawful common social and economic end. It is organized by the members who equitably contribute the required share capital and accept a fair share of the risks and benefits of their undertaking in accordance with the universally accepted corporate principles and practices;

(d) "*Capability building*" – Refers to the process of enhancing the viability and sustainability of microfinance institutions through activities that include training in microfinance technologies, upgrading of accounting and auditing systems, technical assistance for the installation or improvement of management information systems, monitoring of loans and other related activities. The term capability building shall in no way refer to the provision of equity investments, seed funding, partnership's seed funds, equity participation, start-up funds or any such activity that connotes the infusion of capital or funds from the government or from the people's development trust fund to microfinance institution as defined in this Act. Capability building precludes the grant of any loan or equity funds to the microfinance institution;

(e) "*Collateral-free arrangement*" – A financial arrangement wherein a loan is contracted by the debtor without the conventional loan security of a real estate or chattel mortgage in favor of the creditor. In lieu of these conventional securities, alternative arrangements to secure the loans and ensure repayment are offered and accepted;

(f) "*Group character loan*" – A loan contracted by a member and guaranteed by a group of persons for its repayment. The creditor can collect from any of the members of the group which guaranteed the said loan, without prejudice to the right of reimbursement of the member or members of the group who had advanced the payment in favor of the actual debtor;

(g) "*Indigenous cultural communities/ indigenous peoples*" – As defined in Republic Act No. 8371, otherwise known as "*The Indigenous Peoples Rights Act of 1997*";

(h) "*Migrant workers*" – As defined in Republic Act No. 8042, otherwise known as the "*Migrant Workers and Overseas Filipino Act of 1995*";

(i) "*Micro-enterprise*" – Any economic enterprise with a capital of One hundred fifty thousand pesos (P150,000.00) and below. This amount is subject to periodic determination of the Department of Trade and Industry to reflect economic changes;

(j) "*Microfinance*" – A credit and savings mobilization program exclusively for the poor to improve the asset base of households and expand the access to savings of the poor. It involves the use of viable alternative credit schemes and savings programs including the extension of small loans, simplified loan application procedures, group character loans, collateral-free arrangements, alternative loan repayments, minimum requirements for savings, and small denominated savers' instruments;

(k) "*Minimum basic needs*" – Refers to the needs of a Filipino family pertaining to survival (food and nutrition; health; water and sanitation; clothing), security (shelter; peace and order; public safety; income and livelihood) and enabling (basic education and literacy; participation in community development; family and psycho-social care);

(l) "*Human development index*" – Refers to the measure of how well a country has performed, based on social indicators of people's ability to lead a long and healthy life, to acquire knowledge and skills, and to have access to the resources needed to afford a decent standard of living. This index looks at a minimum of three outcomes of development: the state of health (measured by life expectancy at birth), the level of knowledge and skill (measured by a weighted average of adult literacy and enrollment rates), and the level of real income per capita, adjusted for poverty considerations;

(m) "*Non-government organizations*" – Refers to duly registered non-stock, non-profit organizations focusing on the upliftment of the basic or disadvantaged sectors of society by providing advocacy, training, community organizing, research, access to resources, and other similar activities;

(n) "*People's organization*" – Refers to a self-help group belonging to the basic sectors and/or disadvantaged groups composed of members having a common bond of interest who voluntarily join together to achieve a lawful common social or economic end;

(o) "*Poor*" – Refers to individuals and families whose income fall below the poverty threshold as defined by the National Economic and Development Authority and/or cannot afford in a sustained manner to provide their minimum basic needs of food, health, education, housing and other essential amenities of life;

(p) "*Poverty alleviation*" – Refers to the reduction of absolute poverty and relative poverty;

(q) "*Absolute poverty*" – Refers to the condition of the household below the food threshold level;

(r) "*Relative poverty*" – Refers to the gap between the rich and the poor;

(s) "*Social reform*" – Refers to the continuing process of addressing the basic inequities in Filipino society through a systematic, unified and coordinated delivery of socioeconomic programs or packages;

(t) "*Small Savers Instrument (SSI)*" – Refers to an evidence of indebtedness of the Government of the Republic of the Philippines which shall be in small denominations and sold at a discount from its redemption value, payable to bearer and redeemable on demand according to a schedule printed on the instrument, with a discount lower than the full stated rate if not held to maturity. The resources generated under this scheme shall be used primarily for micro-credit for the poor. SSIs are not eligible as legal reserve of banks and legal reserves prescribed of insurance companies operating in the Philippines;

(u) "*Urban poor*" – Refers to individuals or families residing in urban centers and urbanizing areas whose income or combined household income falls below the poverty threshold as defined by the National Economic and Development Authority and/or cannot afford in a sustained manner to provide their minimum basic needs of food, health, education, housing and other essential amenities of life;

(v) "*Workers in the formal sector*" – Refers to workers in registered business enterprises who sell their services in exchange for wages and other forms of compensation;

(w) "*Workers in the informal sector*" – Refers to poor individuals who operate businesses that are very small in scale and are not registered with any national government agency, and to the workers in such enterprises who sell their services in exchange for subsistence level wages or other forms of compensation; and

(x) "*Youth*" – Refers to persons fifteen (15) to thirty (30) years old.

Section 4. Adoption and integration of Social Reform Agenda (SRA) in the National Anti-Poverty Action Agenda. – The National Anti-Poverty Action Agenda shall principally include the core principles and programs of the Social Reform Agenda (SRA). The SRA shall have a multi-dimensional approach to poverty consisting of the following reforms:

(1) *Social dimension access to quality basic services.* – These are reforms which refer to equitable control and access to social services and facilities such as education, health, housing, and other basic services which enable the citizens to meet their basic human needs and to live decent lives;

(2) *Economic dimension asset reform and access to economic opportunities.* – Reforms which address the existing inequities in the ownership, distribution, management and control over natural and man-made resources from which they earn a living or increase the fruits of their labor;

(3) *Ecological dimension sustainable development of productive resources.* – Reforms which ensure the effective and sustainable utilization of the natural and ecological resource base, thus assuring greater social acceptability and increased participation of the basic sectors in environmental and natural resources conservation, management and development;

(4) *Governance dimension democratizing the decision-making and management processes.* – Reforms which enable the basic sectors to effectively participate in decision-making and management processes that affect their rights, interests and welfare.

The SRA shall focus on the following sector-specific flagship programs:

- (1) *For farmers and landless rural workers* – agricultural development;
- (2) *For the fisherfolk* – fisheries and aquatic resources conservation, management and development;
- (3) For the indigenous peoples and indigenous communities – respect, protection and management of the ancestral domains;
- (4) *For workers in the informal sector* – workers' welfare and protection;
- (5) *For the urban poor* – socialized housing; and
- (6) *For members of other disadvantaged groups such as the women, children, youth, persons with disabilities, the elderly, and victims of natural and man-made calamities* – the Comprehensive Integrated Delivery of Social Services (CIDSS).

Additionally, to support the sectoral flagship programs, the following cross-sectoral flagships shall likewise be instituted:

- (1) Institution-building and effective participation in governance;
- (2) Livelihood programs;
- (3) Expansion of micro-credit/microfinance services and capability building; and
- (4) Infrastructure buildup and development.

TITLE I NATIONAL ANTI-POVERTY COMMISSION

Section 5. *The National Anti-Poverty Commission.* – To support the above-stated policy, the National Anti-Poverty Commission, hereinafter referred to as the NAPC, is hereby created under the Office of the President, which shall serve as the coordinating and advisory body for the implementation of the SRA. The Presidential Commission to Fight Poverty (PCFP), the Social Reform Council (SRC), and the Presidential Council for Countryside Development (PCCD) are hereby abolished and the NAPC shall exercise the powers and functions of these agencies. The NAPC shall be the successor-in-interest of the three (3) abolished commissions and councils.

The creation and operationalization of the NAPC shall be guided by the following principles:

- (1) Incorporation of the Social Reform Agenda into the formulation of development plans at the national, regional, sub-regional and local levels;

- (2) Efficiency in the implementation of the anti-poverty programs by strengthening and/or streamlining present poverty alleviation processes and mechanisms, and reducing the duplication of functions and activities among various government agencies;
- (3) Coordination and synchronization of social reform and poverty alleviation programs of national government agencies;
- (4) Exercise of policy oversight responsibilities to ensure the attainment of social reform and poverty alleviation goals;
- (5) Strengthening of local government units to more effectively operationalize the SRA in local development efforts;
- (6) Institutionalization of basic sectoral and NGO participation in effective planning, decision-making, implementation, monitoring and evaluation of the SRA at all levels;
- (7) Ensuring adequate, efficient and prompt delivery of basic services to the poor; and
- (8) Enjoining government financial institutions to open credit and savings windows for the poor, and advocating the creation of such windows for the poor among private banking institutions.

Section 6. Composition of the NAPC. – The President of the Republic of the Philippines shall serve as Chairperson of the NAPC. The President shall appoint the Lead Convenor of the NAPC, either from the government or private sector, who shall likewise serve as the head of the National Anti-Poverty Commission Secretariat, and shall have the rank of a Cabinet Secretary. There shall be a vice-chairperson for the government sector and a vice-chairperson for the basic sectors; the former to be designated by the President, and the latter to be elected among the basic sector representatives of the NAPC as vice-chairperson for the basic sector; and the following as members:

- (1) Heads of the following government bodies:
 - (a) Department of Agrarian Reform (DAR);
 - (b) Department of Agriculture (DA);
 - (c) Department of Labor and Employment (DOLE);
 - (d) Department of Budget and Management (DBM);
 - (e) Department of Social Welfare and Development (DSWD);
 - (f) Department of Health (DOH);
 - (g) Department of Education, Culture and Sports (DECS);
 - (h) Department of the Interior and Local Government (DILG);
 - (i) Department of Environment and Natural Resources (DENR);

- (j) Department of Finance (DOF);
- (k) National Economic and Development Authority (NEDA);
- (l) People's Credit and Finance Corporation (PCFC), subject to Sec. 17 of this Act; and
- (m) Presidential Commission on Urban Poor (PCUP).

(2) Presidents of the Leagues of Local Government Units:

- (a) League of Provinces;
- (b) League of Cities;
- (c) League of Municipalities;
- (d) Liga ng mga Barangay.

(3) Representatives from each of the following basic sectors:

- (a) Farmers and landless rural workers;
- (b) Artisanal fisherfolk;
- (c) Urban poor;
- (d) Indigenous cultural communities/indigenous peoples;
- (e) Workers in the formal sector and migrant workers;
- (f) Workers in the informal sector;
- (g) Women;
- (h) Youth and students;
- (i) Persons with disabilities;
- (j) Victims of disasters and calamities;
- (k) Senior citizens;
- (l) Nongovernment organizations (NGOs);
- (m) Children; and
- (n) Cooperatives.

Sectoral councils formed by and among the members of each sector shall respectively nominate three (3) nominees from each sector within six (6) months after the effectivity of the implementing rules and regulations of this Act, and every three (3) years thereafter and in case of vacancy. The President of the Republic of the Philippines shall, within (30) days after the submission of the list

of nominees, appoint the representatives from the submitted list. Sectoral representatives shall serve for a term of three (3) years without reappointment. Appointment to any vacancy for basic sector representatives shall be only for the unexpired term of the predecessor.

The implementing rules and regulations (IRR) of this Act shall contain the guidelines for the formation of sectoral councils, the nomination process, recall procedures and such other mechanisms to ensure accountability of the sectoral representatives.

Section 7. Powers and functions. – The NAPC shall exercise the following powers and functions:

- (1) Coordinate with different national and local government agencies and the private sector to assure full implementation of all social reform and poverty alleviation programs;
- (2) Coordinate with local government units in the formulation of social reform and poverty alleviation programs for their respective areas in conformity with the National Anti-Poverty Action Agenda;
- (3) Recommend policy and other measures to ensure the responsive implementation of the commitments under the SRA;
- (4) Ensure meaningful representation and active participation of the basic sectors;
- (5) Oversee, monitor and recommend measures to ensure the effective formulation, implementation and evaluation of policies, programs and resource allocation and management of social reform and poverty alleviation programs;
- (6) Advocate for the mobilization of funds by the national and local governments to finance social reform and poverty alleviation programs and capability building activities of people's organizations;
- (7) Provide financial and non-financial incentives to local government units with counterpart resources for the implementation of social reform and poverty alleviation programs; and
- (8) Submit an annual report to Congress including, but not limited to, all aspects of its operations and programs and project implementation, financial status and other relevant data as reflected by the basic reform indicator.

Section 8. Principal office. – The NAPC shall establish its principal office in Metro Manila and may establish such branches within the Philippines as may be deemed necessary by the President of the Philippines to carry out the powers and functions of the NAPC.

Section 9. The NAPC secretariat. – The NAPC shall be supported by a Secretariat, which shall be headed by the Lead Convenor referred to under Sec. 6 hereof. The Secretariat shall provide technical and administrative support to the NAPC. It shall be formed from the unification of the secretariats of the following bodies:

- (1) Presidential Commission to Fight Poverty (PCFP);
- (2) Social Reform Council (SRC); and
- (3) Presidential Council for Countryside Development (PCCD).

Within three (3) months from the effectivity of this Act, the Office of the President shall finalize the organizational plan for the NAPC.

To provide the continuity of existing social reform and poverty alleviation related programs, all accredited organizations under the three (3) unified councils and commissions shall be automatically accredited under the NAPC until such time that additional accreditation requirements may be provided by the NAPC.

Section 10. *The People's Development Trust Fund.* – The People's Development Trust Fund (PDTF) is hereby established, which shall be monitored by the NAPC.

The Trust Fund in the amount of Four billion and five hundred million pesos (P4,500,000,000.00) shall be funded from the earnings of the PAGCOR in addition to appropriations by Congress, voluntary contributions, grants, gifts from both local and foreign sources as may be accepted or decided on by the NAPC. Any additional amount to the Trust Fund shall form part of the corpus of the Trust Fund, unless the donor, contributor or grantor expressly provides as a condition that the amount be included in the disbursible portion of the Trust Fund.

The President of the Philippines shall assign to any existing government department or agency the administration of the Trust Fund, based on the expertise, organizational capability, and orientation or focus of the department or agency. The NAPC shall be limited to the function of monitoring the utilization of the PDTF, while the government departments or agencies designated by the President shall directly administer the utilization of the earnings of the PDTF.

Only the fruits of the PDTF shall be used for the purposes provided in this Act. Any undisbursed fruits for the preceding year shall form part of the disbursible portion of the PDTF in the following year.

For the purpose of monitoring the earnings of the PDTF, the NAPC shall:

- (1) Source funds for the establishment of and augmentation to the Trust Fund;
- (2) Recommend to the appropriate government department or agency the accreditation of organizations and institutions that shall act as resource partners in conducting institutional development and capability building activities for accredited organizations and beneficiaries of microfinance and micro-enterprise programs;
- (3) Ensure that validation and monitoring activities are conducted for funded institutional development and capability building projects/programs/beneficiaries; and
- (4) Promote research and development work on livelihood and microfinance technology and publications/communications programs that assist the poor beneficiaries.

Section 11. *Purposes of the People's Development Trust Fund (PDTF).* – The earnings of the PDTF shall be utilized for the following purposes:

- (1) Consultancy and training services for microfinance institutions and their beneficiaries on the establishment of the necessary support services, social and financial preparation of beneficiaries, preparation of plans and programs including fund sourcing and assistance, establishment of credit and savings monitoring and evaluation mechanisms;

- (2) Scholarships or training grants for microfinance staff and officers, and selected beneficiaries;
- (3) Community organizing for microfinance, livelihood and micro-enterprises training services;
- (4) Livelihood/micro-enterprise project/program feasibility studies and researches;
- (5) Savings mobilization and incentive programs, and other similar facilities;
- (6) Information and communication systems such as baseline surveys, development monitoring systems, socioeconomic mapping surveys, organizational assessments, and other similar activities;
- (7) Legal and other management support services such as registration, documentation, contract review and enforcement, financial audit and operational assessment;
- (8) Information dissemination of microfinance technology; and
- (9) Other activities to support microfinance as approved by the designated agency administering the PDTF.

The PDTF may be accessed by the following:

- (a) Registered microfinance organizations engaged in providing micro-enterprise services for the poor to enable them to become viable and sustainable;
- (b) Local government units providing microfinance and micro-enterprise programs to their constituents: *Provided*, That the PDTF shall not be used by the LGUs for personal services and maintenance and other operating expenses; and
- (c) Local government units undertaking self-help projects where at least twenty-five percent (25%) of the total earnings of the PDTF shall be used exclusively for the provision of materials and technical services.

Section 12. The role of Local Government Units (LGUs). – The local government units, through the local development councils of the province, city, municipality, or barangay shall be responsible for the formulation, implementation, monitoring and evaluation of the National Anti-Poverty Action Agenda in their respective jurisdictions. The LGUs shall:

- (a) Identify the poor in their respective areas based on indicators such as the minimum basic needs approach and the human development index, their location, occupation, nature of employment, and their primary resource base and formulate a provincial/city/municipality anti-poverty action agenda;
- (b) Identify and source funding for specific social reform and poverty alleviation projects;
- (c) Coordinate, monitor and evaluate the efforts of local government units with the private sector on planning and implementation of the local action program for social reform and poverty alleviation; and
- (d) Coordinate and submit progress reports to the National Anti-Poverty Commission regarding their local action programs.

Nothing in this Act shall be construed as diminishing the powers granted to the local government units under the Local Government Code.

TITLE II MICROFINANCE SERVICES FOR THE POOR

Section 13. *Microfinance program.* – The programs and implementing mechanisms of the Social Reform Agenda's Flagship Program on Credit shall be integrated, adopted and further enhanced to effectively support the objectives of this Act along the following thrusts:

- (1) Development of a policy environment, especially in the area of savings generation, supportive of basic sector initiatives dedicated to serving the needs of the poor in terms of microfinance services;
- (2) Rationalization of existing government programs for credit and guarantee;
- (3) Utilization of existing government financial entities for the provision of microfinance products and services for the poor; and
- (4) Promotion of mechanisms necessary for the implementation of microfinance services, including indigenous microfinance practices.

Section 14. *People's Credit and Finance Corporation (PCFC).* – The People's Credit and Finance Corporation (PCFC), a government-controlled corporation registered with the Securities and Exchange Commission and created in accordance with Administrative Order No. 148 and Memorandum Order No. 261, shall be the vehicle for the delivery of microfinance services for the exclusive use of the poor. As a government-owned and -controlled corporation, it shall be the lead government entity specifically tasked to mobilize financial resources from both local and international funding sources for microfinance services for the exclusive use of the poor.

Section 15. *Increase in the Capitalization of PCFC.* – To facilitate the increase in the capitalization of the PCFC, the President of the Republic of the Philippines shall take measures to enable the amendment of the Articles of Incorporation of the PCFC such that:

- (a) The authorized capital stock of the PCFC may be increased from One hundred million pesos (P100,000,000.00) to Two billion pesos (P2,000,000,000.00) divided into twenty million common shares with a par value of One hundred pesos (P100.00) per share;
- (b) The subscribed capital stock may be increased from One hundred million pesos (P100,000,000.00) to Six hundred million pesos (P600,000,000.00) and the national government may subscribe the difference of Five hundred million pesos (P500,000,000.00);
- (c) The initial paid-up capital may be increased from One hundred million pesos (P100,000,000.00) to Two hundred fifty million pesos (P250,000,000.00), to be increased subsequently to a total of Six hundred million pesos (P600,000,000.00), such that at the end of a period of four (4) years the subscribed capital shall be fully paid-up, in the following manner:

For the initial increase in paid-up capital during the first year, the difference of One hundred fifty million pesos (P150,000,000.00) shall be paid and appropriated for by government; for the second year, One hundred fifty million pesos (P150,000,000.00); for the third year, One

hundred million pesos (P100,000,000.00); and for the fourth year, One hundred million pesos (P100,000,000.00).

The appropriations for the additional paid-up capital shall be sourced from the share of the national government in the earnings of the PAGCOR, in the manner provided for under Sec. 18, which provides for the appropriations under this Act.

Section 16. *Special credit windows in existing Government Financing Institutions (GFIs).* –

The existing government financial institutions shall provide for the savings and credit needs of the poor. The GFIs such as the Land Bank of the Philippines, Philippine Postal Bank, Al Amanah Bank, and the Development Bank of the Philippines are hereby mandated to coordinate with NAPC and PCFC in setting up special credit windows and other arrangements, such as the servicing of Small Savers Instruments (SSIs), that will promote the microfinance program of this Act.

The private financing institutions may also provide the savings and credit requirements of the poor by setting up similar credit windows and other arrangements to promote the savings component of the microfinance program of this Act.

Special credit windows for the poor shall, as far as practicable, include an allocation for the basic sectors, as defined in this Act, particularly those living in the rural areas, agrarian reform communities, and women in the countryside.

Section 17. *PCFC privatization.* – In the event that the ownership of the majority of the issued voting stocks of PCFC shall have passed to private investors (exclusively qualified nongovernment organizations, people's organizations and cooperatives), the stockholders shall cause the registration with the Securities and Exchange Commission (SEC) of the revised Articles of Incorporation and By-laws. The PCFC shall thereafter be considered as a privately organized entity subject to the laws and regulations generally applied to private corporations.

The chairman of the PCFC may still be a member of the National Anti-Poverty Commission (NAPC) upon the privatization of the PCFC: Provided, That the PCFC will continue its main purpose of providing for the savings and credit needs of the poor.

TITLE III

APPROPRIATIONS FOR THE NATIONAL ANTI-POVERTY COMMISSION (NAPC) AND THE PEOPLE'S DEVELOPMENT TRUST FUND (PDTF)

Section 18. *Appropriations.* – To carry out the provisions of this Act, the following amounts are appropriated as follows:

(1) The sum of One hundred million pesos (P100,000,000.00) is hereby appropriated as the initial operating fund in addition to the unutilized funds of the rationalized commission and councils. The sum shall be sourced from the President's Contingent Fund. In subsequent years, the amount necessary to implement this Act shall be included in the annual appropriations. The said amounts shall be under the management of the NAPC.

(2) The aggregate sum of Four billion and five hundred million pesos (P4,500,000,000.00) for ten (10) years is hereby appropriated for the establishment of the People's Development Trust Fund (PDTF) from the share of the national government in the earnings of the Philippine Amusement and Gaming Corporation (PAGCOR), in the following manner: on the first year, Three hundred fifty million pesos (P350,000,000.00); on the second year, Three hundred fifty million pesos (P350,000,000.00); on the third year, Four hundred

million pesos (P400,000,000.00); on the fourth year, Four hundred million pesos (P400,000,000.00); on the fifth year and every year thereafter until the tenth year, Five hundred million pesos (P500,000,000.00) annually.

(3) The aggregate sum of Five hundred million pesos (P500,000,000) for four years shall be appropriated for the increase in the capitalization of the PCFC, from the share of the national government in the earnings of the PAGCOR, at such time that the increase in the capitalization of the PCFC, in the manner provided for under Sec. 15 of this Act, shall have been effected. The appropriation shall be made in the following manner: on the first year, One hundred fifty million pesos (P150,000,000.00); on the second year, One hundred fifty million pesos (P150,000,000.00); on the third year, One hundred million pesos (P100,000,000.00); and on the fourth year, One hundred million pesos (P100,000,000.00).

Section 19. *Transitory provision.* – The Social Reform Council (SRC) and the representatives therein shall, in temporary capacity, exercise the powers and assume the duties of the NAPC until such time that the members of NAPC shall have been duly appointed or designated.

The Office of the President shall formulate the implementing rules and regulations (IRR) of this Act within six (6) months after its effectivity.

The assets, liabilities and personnel of PCFP, SRC and PCCD are hereby transferred to the NAPC. Personnel who cannot be absorbed by NAPC shall be entitled to a separation pay of one-and-a-half (1 1/2) months for every year of service and other benefits under existing retirement laws, at the option of the personnel concerned.

Section 20. *Repealing clause.* – All laws, executive orders, rules and regulations, or parts thereof, inconsistent with this Act are hereby repealed, amended or modified accordingly. The provisions of this Act shall not be repealed, amended or modified unless expressly provided in subsequent general or special laws.

Section 21. *Separability clause.* – If any provision of this Act shall be held invalid or unconstitutional, the remaining provisions thereof not affected thereby shall remain in full force and effect.

Section 22. *Effectivity clause.* – This Act shall be effective on June 30, 1998.

Approved: December 11, 1997