



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Eighteenth Congress
Third Regular Session

HOUSE BILL NO. 10562



Introduced by
HON. AMIHILDA J. SANGCOPAN, Anak Mindanao (AMIN) Party-List, HON. MUJIV S. HATAMAN, Lone District of Basilan, HON. ANGELICA NATASHA CO, BHW Party-List
HON. SANDRO L. GONZALEZ, Marino Party-List, HON. PAOLO Z. DUTERTE, 1st District of Davao City, and HON. MACNELL M. LUSOTAN, Marino Party-List

EXPLANATORY NOTE

This bill seeks to integrate financial literacy in the livelihood programs of the government.

The livelihood programs implemented by the different government agencies are intended to reduce poverty by helping the poor gain access to business opportunities. The business opportunities are the means for the poor to sustain the basic necessities of life, not only food, shelter and clothing, but more importantly, education and healthcare.

To realize the purpose and goals of livelihood programs, it is not enough to provide access to the poor or give them business opportunities. It is imperative that they also become financially literate so that they have a higher chance of achieving financial freedom and truly improve their quality of life. It is for this reason that this bill seeks to require financial literacy to be an integral part of the livelihood programs of the government.

This bill proposes that every qualified beneficiary, before getting the benefits of any livelihood program, must be required to attend a series of financial literacy seminars, trainings or workshops. The modules and learning materials for the financial literacy seminar, training or workshop shall be jointly formulated by the member-agencies of the proposed Financial Literacy Inter-Agency Committee headed by the National Economic and Development Authority.

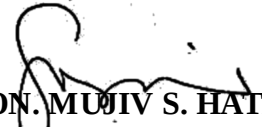
During the financial literacy seminar, training or workshop, the beneficiaries will be trained on how to handle their finances and make informed financial decisions. They will learn the importance of increasing their savings. More importantly, they will learn their rights as consumers and protect themselves from predatory lending.

Teaching financial literacy must be a continuing activity and not simply a one-time seminar, training or workshop. In addition, government agencies implementing livelihood programs shall establish an information desk where the beneficiaries may continually make inquiries about their financial matters.

In view of the foregoing, the passage of this bill is earnestly sought.



HON. AMIHILDA J. SANGCOPAN
Representative
Anak Mindanao (AMIN) Party-List



HON. MUJIV S. HATAMAN
Deputy Speaker
Lone District of Basilan



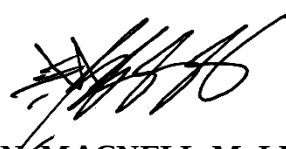
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HON. PAOLO Z. DUTERTE
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AN ACT
INTEGRATING FINANCIAL LITERACY IN THE LIVELIHOOD
PROGRAMS OF THE GOVERNMENT AND APPROPRIATING FUNDS
THEREFOR

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

SECTION 1. **Short Title.** – This Act shall be known as the “*Financial Literacy in Livelihood Programs Act.*”

SEC. 2. **Declaration of Policy.** – The State promotes a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide social services, promote full employment, a rising standard of living, and an improved quality of life for all.

Pursuant to this, the State recognizes the capacity for economic growth of a country through financially literate members of society who make sound financial decisions, mobilize savings, have knowledge of financial concepts, and engage in financial planning. In line with the State declaration to improve the quality of life for all, the State shall integrate financial literacy, its principles and application, as a component of present and future livelihood programs. It shall be translated as financial skill and capacity of the beneficiaries who are members of the vulnerable sectors of society.

SEC. 3. *Definition of Terms.* – As used in this Act:

a) *Financial literacy* refers to a person's ability to understand and effectively use various financial skills including personal finance, savings and investment in order to make informed decisions and improve one's personal financial situation. It is the ability to use knowledge and skills to manage one's financial resources effectively for lifetime financial security.¹

b) *Financial literacy activities* refer to different activities which a government agency may conduct in order to fulfill the objectives of this Act including seminars, trainings, workshops;

¹ Mandell, Lewis The Financial Literacy of Young American Adults. Results of the 2008 National Jump\$tart Coalition Survey of High School Seniors and College Students. Jumpstart Coalition; Washington D.C.: 2009

c) *Financial literacy plan* refers to the plans and activities of the financial literacy program of each concerned agency made in pursuant of this Act;

d) *Livelihood program* refers to the initiative of a government agency, including government-owned and-controlled corporations (GOCCs) and local government units (LGUs), which are geared to combat poverty and made to improve or complement other social protection programs, with beneficiaries belonging to a certain sector or marginalized section of the population. This includes providing grant or cash assistance, financing, enterprise development, employment facilitations, awarding of seeding kits, and capacity development initiatives.

SEC. 4. *Financial Literacy in Livelihood Programs.* – Financial literacy shall be integrated in all livelihood programs provided by government agencies, including GOCCs and LGUs. During the implementation of a livelihood program, the government agency shall conduct financial literacy activities which are tailored to fit the needs of the beneficiaries and in line with the intended outcomes of the program. There shall be continued mentoring of the beneficiaries for the duration of the livelihood program. The financial literacy program shall focus on the basic principles and their application. It shall have, among others, the following objectives:

- (a) Promote the culture of savings and investments;
- (b) Inspire the beneficiaries to achieve financial freedom;
- (c) Instill confidence to save in financial institutions;

- (d) Engage the beneficiaries in activities such as financial planning;
- (e) Prepare the beneficiaries to make well-informed financial decisions; and
- (f) Educate the beneficiaries about consumer protection and consumer rights.

SEC. 5. *Financial Literacy Inter-Agency Committee.* –

a) The Financial Literacy Inter-Agency Committee (FLIAC) is established and is composed of members from the following agencies:

- 1) National Economic and Development Authority;
- 2) Department of Finance;
- 3) Department of Budget and Management;
- 4) Department of Trade and Industry;
- 5) Department of the Interior and Local Government;
- 6) Department of Education;
- 7) Bangko Sentral ng Pilipinas; and
- 8) Land Bank of the Philippines.

The FLIAC shall be headed by the member from the National Economic and Development Authority. The duly authorized representatives of the member-agencies shall have a rank not lower than Assistant Secretary.

b) The FLIAC shall have the following functions:

- 1) Formulate the National Financial Literacy Plan and the guidelines for the implementation of the financial literacy activities;

2) Develop and distribute the financial literacy materials to be used for the implementation of the financial literacy activities;

3) Conduct the trainer's training and capacity development of the representatives from the different government agencies who shall be conducting the financial literacy activities to their beneficiaries;

4) Review the financial literacy plans and activities submitted by government agencies pursuant to this Act.

SEC. 6. *Development of Financial Literacy Learning Materials.* – The Bangko Sentral ng Pilipinas and Land Bank of the Philippines shall spearhead the FLIAC in developing the modules and learning materials mentioned in Section 5(b)(2).

The financial literacy modules and materials shall be distributed to all government agencies implementing livelihood programs, and to all local government units through the Department of the Interior and Local Government.

SEC. 7. *Capacity Development for Agencies with Livelihood Programs.* – The FLIAC shall conduct the training of trainers upon completion of the financial literacy modules and learning materials development by FLIAC. The trainer's training shall include the study of the financial literacy principles, facilitation, and mentoring skills in order to increase the capacity of the trainers to lead and implement the financial literacy activities to be implemented by their respective agencies.

SEC. 8. *Financial Literacy Committee.* – Upon publication and dissemination of the implementing rules and regulations of this Act and subsequent to the training of trainers, the heads of government agencies providing livelihood programs shall constitute a financial literacy committee of their respective agencies.

The financial literacy committee shall have the following functions:

- a) Attend the trainer's training mentioned in Section 5(b)(3), and thereafter conduct the financial literacy seminar, training and workshop and act as trainers of the beneficiaries of their agency's livelihood programs;
- b) Prepare the financial literacy plan of the agency containing the activities to be implemented in line with their respective livelihood programs. The plan shall be approved by the head of the agency to be reviewed by the FLIAC;
- c) Ensure that the financial literacy materials mentioned in Section 5 are customized to meet the needs of the beneficiaries of their livelihood programs. The materials shall be translated to the local dialect and present them in such a way that the concepts and application are easily understandable to their beneficiaries. The financial literacy materials may include diagrams, flow charts, comic strips and other visual aids;
- d) Monitor and mentor beneficiaries continuously in line with the principles of financial literacy; and
- e) Implement the agency's financial literacy plan, and execute the approved activities in pursuant to the objective of this Act.

Local government units which are not providing livelihood programs may request the Department of the Interior and Local Government to conduct and facilitate the financial literacy activities. For this purpose, personnel of the Department of the Interior and Local Government who shall facilitate the financial literacy activities to local government units may avail of the trainer's training conducted by the FLIAC.

SEC. 9. ***Financial Literacy Information Desk.*** – All government agencies providing livelihood programs shall establish an information desk where the beneficiaries may continually make inquiries about financial literacy and their financial matters.

SEC. 10. ***Appropriations.*** – The amount necessary for the implementation of this Act shall be charged against the current year's appropriations of the government agency implementing a livelihood program. At least ten percent (10%) of the agency's appropriation for administrative cost of the livelihood program shall be spent for the implementation of the financial literacy program.

SEC. 11. ***Financial Literacy Plan.*** – All government agencies who provide livelihood programs, including GOCCs and LGUs, shall submit their respective financial literacy plans to the FLIAC for its review. They shall also submit annual reports to Congress, Department of Budget and Management and the FLIAC, indicating the accomplishments and the amounts utilized to implement the financial

literacy activities. The evaluation of the agencies' utilization of the financial literacy plan budget shall be performance-based.

SEC. 12. ***Implementing Rules and Regulations.*** – Within ninety (90) days from the effectivity of this Act, the FLIAC, shall promulgate the necessary rules and regulations for the implementation of this Act.

SEC. 13. ***Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,