

## Assessment of the PAG-IBIG Housing Program

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*The PAG-IBIG housing program is assessed in terms of viability and the attendant factors of profitability, equity, efficiency and acceptability. The following are the major observations: (1) members gained more under the PAG-IBIG program than through the banking system; (2) while interest dividends were uniformly applied to members according to their total distribution, the program discriminated against member borrowers whose incomes were less than ₱3,000.00 monthly; (3) lag time for NHMFC take-out has now extended to six months; and (4) compulsory membership has been openly criticized by the members. To be viable, the program must be modified to be acceptable to the majority of members.*

### Introduction

This article summarizes the major findings of a study entitled "Falling Out of Love with PAG-IBIG: A Policy Analysis of the PAG-IBIG Housing and Provident Savings Program." The study sought to describe the various features, accomplishments and recent developments in the PAG-IBIG Fund Program; identify the policy problems and constraints in the implementation of the Program; assess the viability of the program from the point of view of different stakeholders; and provide policy alternatives for the improvement of the PAG-IBIG Program.

### Methodology

This study defined the concept of viability to include the determining factors of efficiency, equity, profitability and acceptability.

Thus the equation:  $V = f(Ef, Eq, P, A)$

where:  $V$  = *viability*, the attendant result of the interaction interrelation among all the independent variables mentioned;

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Ef = *efficiency*, which looks at how the program is administered and how it performs given the constraints and the opportunities in the environment;

Eq = *equity*, which is evaluated in terms of services that ought to be made available to anyone regardless of personal circumstances;

P = *profitability*, which is associated with an acceptable return of investment;

A = *acceptability*, which is defined as a product of two factors, namely: a) a desire on the part of the members to acquire his own house; and b) willingness to bear the cost of acquiring one.

The five stakeholders of the program were identified as: (1) the target beneficiaries, (2) the banking/financing industry, (3) the real estate developers, (4) the employer, and (5) the government. In the analysis of the program, the direct or indirect participation of the stakeholders are taken into consideration.

The study employed both quantitative and qualitative techniques. Whenever possible, quantitative measures were used to support intervening findings. Qualitative techniques were likewise helpful especially in surveys, direct interviews, and case studies.

### The Housing Problem

The demand for shelter is closely related with the dynamics of population growth, composition and movement. In the Philippines, the growing demand for housing can be attributed to the following factors: population growth had been exceeding housing growth; there is a need to replace or improve existing structures which may be inadequate or has deteriorated; and the "potential housing" demand, which is the housing need, is greater than the "actual demand," which is the demand from those that can afford.

In 1980, the National Home Mortgage Finance Corporation (NHMFC) estimated a dwelling shortage of 1.8 M units. This implied that one out of every five families was without decent shelter in 1980.

By the end of 1983, while total housing cost increased by as much as 60% as a result of the unexpected peso devaluation which occurred twice within seven months, income increased only by 10%. Land cost also increased in Metro Manila; land values increased from 27 times to as much as 500 times between the periods of 1940 to 1969.<sup>1</sup> Given this situation, it is no wonder that only high income groups and households, or those earning ₱40,000 and above per annum, can afford the low-cost to middle-cost housing units,<sup>2</sup> the unit price of which ranged from ₱160,000-₱230,000.<sup>3</sup>

### History of the PAG-IBIG Fund

Despite the widespread attempts of the government and private sector to institutionalize financing schemes for low-cost housing, the problem of housing backlog has been increasing at an alarming level. Living conditions have deteriorated, as manifested in the overcrowding of poor and inadequate housing structures, the growth of slum settlements and street dwellers, inadequate light and water supplies and poor sanitation services.

Partly in response to these needs, the government through P.D. 1530 (later amended by P.D. 1752) created the PAG-IBIG (Pagtutulungan sa Kinabukasan: Ikaw, Bangko, Industriya, Gobyerno) Fund Program on June 11, 1979. To sustain the funding requirement for home acquisition, the PAG-IBIG was conceived as a mechanism to pool savings and to generate capital from the voluntary contributions of government and private employees with mandatory counterpart contribution from employers.

Under P.D. 1530, two fund programs were created, one to be administered by the Government Service Insurance System (GSIS) for the government sector, and Social Security System (SSS) for the private sector. Later, with the integration of all shelter efforts under the Ministry of Human Settlements (MHS), the administration of the two agencies' fund for housing was transferred to the National Home Mortgage Finance Corporation (NHMFC), the operating agency of the MHS.

On June 4, 1979, Executive Order No. 538 was signed to strengthen the network of NHMFC. Accredited banks were made official collecting agents of members' contribution. The same order made the Fund and the members' benefits tax-free and government-guaranteed. The order also effected a one-year transition period for the employer after which provisions of their counterpart contributions would be made voluntary.

With the signing of P.D. 1752 on December 14, 1980, the Fund was transformed into a self-governing corporation. Membership to the PAG-IBIG was made mandatory for all employees covered by Social Security System and Government Service Insurance System. The same decree also expanded membership coverage with the inclusion of the self-employed and other working groups as voluntary members of the Fund.

#### Program Objectives

The program zeroed in on two objectives, namely: (1) "to motivate the employed and other working groups to better plan and provide for their needs through membership in an integrated, nationwide savings system with contributory support of employer, in the spirit of social justice and pursuit of national development;" (2) "to establish, maintain and ensure an affordable housing credit system for its members, and thereby contribute to the establishment of decent human settlements and upliftment of the condition of our communities."<sup>4</sup>

### Program Benefits

The Fund offers its members two major program benefits, the provident savings scheme loan and the housing loan. Employers are required to match employee's contribution to the Fund. The aggregate amount carries a 7.5% fixed dividend which is compounded monthly. Additional variable may be given by the Fund depending on its surplus earnings.<sup>5</sup>

Upon membership maturity of 20 years or in the event of retirement, total disability, insanity, permanent departure from the country or death, the members are entitled to receive their total savings from the Fund.

On the housing loan, a Book 1<sup>6</sup> member may avail of the housing loan equivalent to 48 times his salary; however, the total amount should not exceed P100,000; members under Book II<sup>7</sup> or Book III<sup>8</sup> are entitled to a loan amount equivalent to 36 times their basic salary. The loan bears a 9% interest rate per annum and is payable over a maximum period of 25 years.<sup>9</sup>

### Lending Procedures

Any member who wants to avail of a housing loan must first secure a certificate of good standing (CGS) from NHMFC. After this, the succeeding procedures that an applicant has to follow would depend on how the house would be built either by direct supervision or through a developer-contributor. If the applicant opts for the latter, the member simply submits the accomplished NHMFC application form and his income tax return for the last 2 years. The developers follows up the remaining steps after the documents are signed and all fees are paid. If he chooses to directly supervise the construction of the house, he must secure a building permit and a locational clearance from the Human Settlements Development Corporation if the lot is within the Urban Zone Area. The accomplished forms and other documents are then presented to the participating banks who will assess the application.

If the bank finds the application in order, the loan is extended in an installment basis. Seven percent of the total loan is automatically subtracted as originating fee. The first in a series of releases is given only after the house is 30-40% complete. As soon as the unit is finished, the bank assigns/transfers all its rights, titles, interest in the loan and the corresponding collateral to the NHMFC upon "purchase" of NHMFC. Meantime, while the purchase is not yet consummated, an interest of 41% per annum is billed for the bridge financing facility. Once the mortgage is bought by the Fund, the regular amortization begins.

### Recent Developments (from 1979 up to 1984)

Cognizant of the need for a more rational housing delivery system, the Ministry initiated efforts towards: 1) the integration of four basic shelter components — regulation, production, finance, and marketing; 2) the unifi-

ation and intensified integration of all government agencies involved in housing and land development; and 3) the mobilization and active participation of all segments of the private sector involved in housing.<sup>14</sup>

However, since the start of the Fund's operation in 1979, several policy changes and program features have been implemented during the past 5 years.

*Home Matching System.* On October 1984, the on-line referral system known as the home matching system was implemented which broadened the program scope from plain home matching to an information center for housing. Data on available housing inventories, area, design and cost of each unit in inventory, suppliers of materials, etc. are made easily available.

*Employee Group Housing.* Group housing involves the development of 20 or more housing units to be owned or co-owned by the members of a specific group. This scheme was adopted to provide the members cheaper housing costs through mass housing construction and to free them from the difficulties of home-building. Under this scheme, the necessary arrangements are taken care of by the employer.<sup>10</sup>

*PAG-IBIG Integration Scheme.* This scheme sought to establish a complementary relationship between the Fund and the private provident plans to provide optimum benefits to employees. Application is open to any employer who was granted a waiver or exemption from the mandatory coverage of the Fund due to a superior provident of retirement plan existing prior to December 14, 1980.

*Joint Housing Rule as Amended.* Under the new provision, three PAG-IBIG members, whether related or not, are allowed to borrow jointly or severally on a single collateral up to maximum of P300,000. The maturity period of the tacked loan is based on the age of the youngest co-borrower.<sup>11</sup>

*Originating Fee.* Effective October 1983, applicants may include in their loan applications the various fees charged by banks for lending services.<sup>12</sup>

*Lot Purchase and Apartment Acquisition.* Members can now avail of a loan for lot purchase only. Also, members and non-members who are apartment tenants may purchase the unit they are occupying provided the owner is amenable. However, only loan application received between December 16, 1983 and June 30, 1984 shall be entertained.<sup>13</sup>

*Kasipagan Loan.* A P1,000 loan payable in three years was made available from PAG-IBIG Fund to teachers and non-teaching employees of the education ministry, at a yearly interest of 10%.<sup>14</sup>

*P50 Million Revolving Fund.* This fund is available to NHMFC accredited banks which have existing purchase commitment agreements to strengthen borrowing facilities of these banks doing interim financing. Qualified banks can avail of the amount equal to the value of existing interim PAG-IBIG

loans and mortgages not exceeding P50M at a cost of 16% per annum payable in advance.

*Restructured Housing Loan.* All PAG-IBIG housing loan applications filed starting July 16, 1984 will carry higher interest rates. The increase was prompted by the inadequacy of the general membership's monthly contributions to match the demands for housing loans.<sup>15</sup>

*Suspension of the Open Housing Program.* Since August 1, 1984, the granting of loans under the open housing scheme has been frozen to enable the contributors of the Fund to avail themselves of the housing loan.

*Adoption of Loan Seasoning.* To bring its service down to more PAG-IBIG members, the NHMFC required PAG-IBIG borrowers who intend to purchase lots only to "season" their loans by at least three years before allowing them to get an additional loan for house construction.

*Special Seasoning Arrangement (Circular No. 30).* The take-out period was stretched from the usual period of one month to a much longer period of seven months, and cost-relief measures were adopted for interim financing.

### Issues Regarding PAG-IBIG

Despite the adoption of measures purportedly designed to benefit a greater number of beneficiaries, a number of issues have been raised against certain aspects of the PAG-IBIG program, particularly as regards its efficiency and effectiveness.

To examine whether the issues raised against the program are indeed valid, this paper used the viability criterion with its attendant concerns on equity, efficiency, acceptability and profitability. The program is analyzed primarily from the point of view of PAG-IBIG members, who are the objects of the program. The role of incidental participants such as the employers, banks, developers and government are also examined.

#### *The Pag-Ibig Members*

In analyzing the financial aspect of the Fund, the program has to be compared with the benefits it provides vis-a-vis the benefits derived from similar programs. The question should be asked whether a person derives more financial gains from his membership with PAG-IBIG rather than the banking system. This should be answered from either the perspective of a saver and or as a borrower of funds.

*Savings Feature (Provident Savings Fund).* The savings feature is designed to form capital to accommodate request for housing loans by PAG-IBIG members. If a member is not interested in obtaining a loan, the savings scheme assures him of a profitable return.

Figures in Table 1 show that a person who deposits in a bank an equivalent of his annual DMF share (i.e., P1,080 a year with an average interest rate of 14% per annum<sup>16</sup>) will have P98,306.92 in 20 years. On the other hand, the combined contribution of the employer to PAG-IBIG (i.e., P2,160.00 a year) earns 7.5% per annum. This will amount to P93,698.05 after 20 years. Thus, the bank depositor gains differentially by P4,608.87.

However, if the 2.5% variable dividend interest per annum is added to 7.5%, the amount accruing to Fund members in 20 years is P123,714.00 or P25,407.08 higher than what a bank depositor gets.

Table 1. Comparative Value of Contributions/Deposits Made to PAG-IBIG vs. Bank After 20 Years

C A S E	Amount of annual deposits	Interest rate	Total Amount after 20 years
Pag-IBIG member and employer contribute P90.00 each per month. This earns 7.5% interest per annum.	P2,160.00	7.5%	P 93,689.05
Pag-IBIG member and employer contribute P90.00 each per month. This earns 10% interest per annum (regular 7.5% + 2.5%)	2,160.00	10.0%	123,714.00
Employer and employee contribution is deposited in the bank and earns 14% interest per annum.	2,160.00	14.0%	196,613.84
An equivalent of employee's share is deposited in a bank with 14% interest earnings per annum.	1,080.00	14.0%	98,306.92

The criterion of acceptability can be determined either by using a parallel conclusion of profitability or by drawing a separate definition, that is, whether members are willing to contribute to the Fund. Some substance to this issue can be gained from the outcry of public school teachers against compulsory membership. The question of making the fund voluntary should be considered by serious policy-makers.

On the basis of equitability, the saving scheme is at par because the interest dividends are applied uniformly as determined by total contributions to the Fund. In order to spread the benefits of the savings feature to other members, the 2.5% variable dividend is not granted anymore once a member avails of the loan. On the other hand, efficiency as a criterion works for the program as long as housing units are produced according to programmed schedules.

*Housing Loan Benefits.* To a borrower, the important question is: Which housing loan costs more in the long-run, a loan from PAG-IBIG or from the bank? The two sources of loan have common added elements in the amortization payments, namely: fire insurance and mortgage redemption insurance (MRI). In the case of a PAG-IBIG loan, there are additional fees which banks normally do not charge. These include the originating fee, HFC insurance, and the Home Contributory Fund.

Tables 2, 3, 4, and 5 show that the borrower from the PAG-IBIG program pays less for the same amount. In the case of a PAG-IBIG loan pegged at the highest interest rate of 18%, the borrower will have to pay P1,316,209.00 in 25 years for a P250,000.00 housing loan. This includes amortization, interest rate dues, other fees and charges. This figure is lower than the amount paid for the same loan taken out from the bank.

For borrowers, PAG-IBIG is less costly, hence, more profitable than other financing schemes, notably those coming from the banks. However, as far as equitability is concerned, the provision of the housing loan implicitly discriminates members with incomes less than P3,000 month.

#### *Financial Institutions/Participating Banks*

Previous to the economic crisis that have up to now reeled the Philippines into the vicious circles of throughs, banks have found it profitable to engage in bridge-financing and originate PAG-IBIG loans. Application fees of P300.00 plus attendant fees and interest payments on a two to three-month loan were a profitable venture; and also allowed a high loan turn-over rate.

All accredited banks are given their quotas by the NHMFC under the seasoning scheme. However, some banks are more favored than others in terms of a higher ratio of total loans released by NHMFC which are originated by specific banks.



Table 2. Alternative Investment Analysis

Program : Pag-IBIG (P); Commercial Bank (B)

Term : 25 Years

Loan Value : ₱100,000.00

Interest rate : P= 9%; B at 28%.

YEAR ITEM		MONTHLY PAYMENT				
		1	2-3	4-19	20-24	25
Amortization	P	839.20	839.20	839.20	839.20	839.20
	B	2,338.22	2,338.22	2,338.22	2,338.22	2,338.22
Insurances						
Mortgage Redemption	P	47.95	33.45	33.45		
	B	63.35	48.75	48.75		
Fire Hazard	P/B	8.60	8.60	8.60	8.60	
H F C	P	34.50	34.50	34.50	34.50	
	B					
Home Complementary Fund	P			83.92	83.92	83.92
	B					
Originating Fee	P	583.35				
	B					
MONTHLY TOTAL	P	1,523.60	915.75	999.67	966.22	923.12
	B	2,410.17	2,395.57	2,395.57	2,346.86	2,338.22
YEARLY TOTAL	P	18,163.20	10,989.00	11,996.00	11,594.60	11,077.40
	B	28,922.04	28,746.80	28,746.80	28,161.80	28,058.60
EFFECTIVE RATE	P	17.86%	9.97%	11.14%	10.67%	10.07%
	B	28.87%	28.69%	28.69%	28.1%	28%

Value of amount paid in 25 years P : ₱301,127.84

B : 715,233.00

Average effective interest rate P : 11.18%

B : 28.55%

Table 3. Alternative Investment Analysis

Program : Pag-IBIG (P) ; Commercial Bank (B)

Term : 25 years

Loan Value : P150,000.00

Interest Rate : P at 12% ; B at 28%

YEAR ITEM		MONTHLY PAYMENT				
		1	2-3	4-19	20-24	25
Amortization	P	1,594	1,594	1,594	1,594	1,594
	B	3,507	3,507	3,507	3,507	3,507
Insurances	P					
	B					
Mortgage Redemption	P	74	52	52		
	B	95	73	73		
Fire Hazard	P	14	14	14	14	
	B	14	14	14	14	
H F C	P	52	52	52	52	
	B					
Home Complementary Fund	P			159	159	159
	B					
Originating Fee	P	875				
	B					
MONTHLY TOTAL	P	2,608	1,711	1,870	1,818	1,753
	B	3,616	3,594	3,594	3,521	3,507
YEARLY TOTAL	P	31,296	20,533	22,446	21,822	21,038
	B	43,392	43,129	43,129	42,251	42,088
EFFECTIVE RATE	P	20.67%	13.05%	14.45%	14%	13.42%
	B	28.88%	28.70%	28.70%	28.11%	28%

Value of amount paid in 25 years

P : P 561,641.00

B : 1,073,054.00

Average effective interest rate

P : 14.46%

B : 28.56%

Table 4. Alternative Investment Analysis

Program : Pag-IBIG (P) ; Commercial B)  
 Term : 25 years  
 Loan Value : ₱200,000.00  
 Interest Rate : P at 15% ; B at 28%

YEAR ITEM		MONTHLY PAYMENT				
		1	2-3	4-19	20-24	25
Amortization	P	2,578	2,578	2,578	2,578	2,578
	B	4,676	4,676	4,676	4,676	4,676
Insurances						
Mortgage Redemption	P	104	75	75		
	B	127	98	98		
Fire Hazard (common)		17	17	17	17	
HFC		69	69	69	69	
Home Complementary Fund P only					258	258
Originating Fee P only		1,167				
MONTHLY TOTAL	P	3,935	2,739	3,051	3,976	2,836
	B	4,820	4,791	4,791	4,715	4,676
YEARLY TOTAL	P	47,222	32,872	36,614	35,711	34,034
	B	57,838	57,488	57,488	56,585	56,116
EFFECTIVE RATE	P	23.49%	16.04%	28.70%	17.54%	16.65%
	B	28.90%	28.70%	18.02%	28.27%	28.00%

Value of amount paid in 25 years

P : ₱ 911,377.00

B : 1,431,661.00

Average effective interest rate

P : 17.93%

B : 28.51%

Table 5. Alternative Investment Analysis

Program : Pag-IBIG (P) ; Commercial Bank (B)  
 Term : 25 years  
 Loan Value : ₱250,000.00  
 Interest rate : P at 18% ; B at 28%

YEAR ITEM		MONTHLY PAYMENT				
		1	2-3	4-19	20-24	25
Amortization	P	3,811	3,811	3,811	3,811	3,811
	B	5,846	5,846	5,846	5,846	4,846
Insurances						
Mortgage Redemption	P	140	103	103		
	B	181	145	145		
Fire Hazard	P					
	B	21	21	21	21	
H F C	P	86	86	86	86	
	B	—	—	—	—	
Home Complementary Fund only	P			381	381	381
Originating Fee P only		1,458				
MONTHLY TOTAL	P	5,516	4,021	4,402	4,299	4,192
	B	6,048	6,011	6,011	5,866	5,846
YEARLY TOTAL	P	66,193	48,256	52,829	51,588	50,303
	B	72,571	72,134	72,134	70,397	70,146
EFFECTIVE RATE	P	26.40%	19.06%	20.95%	20.44%	19.91%
	B	28.90%	20.80%	28.80%	28.10%	28.00%

Value of amount paid in 25 years

P : ₱1,316,209.00

B : 1,793,100.00

Average effective interest rate

P : 20.87%

B : 28.63%

As far as the criterion of efficiency is concerned, banks were previously experiencing high turnover rates. The normal lag time before NHMFC take-out was only from two to three months. However, the current lag now extends to 6 months.

#### *Developers/Real Estate Owners*

The PAG-IBIG Program was a catalyst of the short-lived boom in the construction industry during the late 70s until the early 80s. Developers also found it profitable to engage in the program due to the additional market that PAG-IBIG offered plus the very liberal incentives granted to the developers by the government. Government support in the form of information assistance to real estate owners and developers was also present thus minimizing some of the red tape that is normal in the bureaucracy.

Due to the sudden "recognized" market that made up the membership of the Fund, developers found out that building homes on a turn-key basis was a good idea. Hence, the mushrooming of "instant" homes (e.g., villages, subdivisions and the like) were also phenomenal and were aggressively marketed to the PAG-IBIG members.

#### *The Employer*

The employer contributes to the Fund mandatorily, unless the firm or the employer applied for a waiver or exemption from coverage of the PAG-IBIG Program. As far as equity is concerned, the employer employs labor for his profit-seeking activity and the contribution of the employer to the Fund is merely a form of compensation. Alternatively, the contribution could have been directed into other forms such as a wage increase or cost of living allowances. Hence, the employer suffers no real losses but stands to gain from the intangibles such as increased productivity brought about by the contribution of the employer in a program which aims to uplift the living standards of employees by subsidizing their housing needs.

#### *The Government*

The government as the national overseer of the service delivery system can also be considered as one of the stakeholders.

The housing problem of the country is addressed through the PAG-IBIG Program and similar measures, such as socialized housing, BLISS Program, Relocation and ZIP Programs, and other closely related second-mortgage programs. The more controversial riders of the program are the somehow hazy concepts of social welfare. Occasionally, those aspects are drummed up for various reasons, motivations and circumstances. But the balance that has to be struck is not tangibly identifiable nor easily set; rather, it is normally sought by the interaction of the various stakeholders and is unsettled in the course of time.

### Must PAG-IBIG Continue?

Most of the problems affecting the PAG-IBIG Program are in the form of reluctance, if not total dissent, of many employees to be covered by the PAG-IBIG membership because of the belief that they would not be benefiting from such a program and that they would be subsidizing the shelter requirements of those who can afford normal market rates for housing loans.

Another problem concerns the operation of the program. The existence of a seemingly oversized bureaucracy that runs the shelter program of the Ministry not only hinders its smooth implementation but also contributes to the overlapping of functions and responsibilities.

For the PAG-IBIG Program to continue, it has to be viable technically, economically, and socially.<sup>17</sup> Technically, it must have the capacity to promote effective solutions to the housing problem of the country. Socially, it must have the capacity to maintain or improve the value of social institutions, in this case, the unstructured membership. Further, it should also maximize net welfare and optimized welfare at the same time.

The comparative monetary benefit analysis showed that the PAG-IBIG member is better off if he availed of the program's benefits than if he had saved in a commercial bank. On the other hand, the employer is "de-facto" taxed by contributing mandatorily to a Program, and incurring related administrative costs in carrying out the program. However, the employer's participation in the program can serve as substitute of a provident fund required under the Labor Code.<sup>18</sup>

For all its good intentions, the government is constrained by its meager resources. The capital requirement alone is P10 B. How then can the government provide everybody with shelter? One is a complementary program to "socialize" housing in the likeness of the PAG-IBIG scheme.

However, based on the assessment of the group that conducted this study, it appears that only through modification could the program continue to sustain its activities and improve its delivery of services.

### Recommendations

The program should be given ample support activities for it to be acceptable to the majority of its members. As such the following alternatives are proposed:

- (1) Maintain the mandatory membership of the Program and further find ways and means to induce the broadening of the membership base of the Fund;

- (2) Provide short-term or a lower amount of housing loans but strictly for shelter-related purposes only;
- (3) Pay out annual dividends to member-savers so that they will have some sort of "intervening benefit";
- (4) Apply generally the graduated amortization scheme currently offered to the members of the Armed Forces of the Philippines;
- (5) Adopt a quota or portfolio to ensure equitable access to the benefits of the program and to further the redistributive scheme of the program;
- (6) Provide a continuing scheme/mechanism of evaluating and adjusting the feature of the program to ensure its optimum responsiveness and viability;
- (7) Adopt "basic housing" features as dictated by the economic situations;
- (8) Adopt a more effective information drive concerning the importance of the Program;
- (9) Stop PAG-IBIG's competition with the agricultural credit facilities; and
- (10) Consciously pre-empt the unintended flow of funds to individuals who have more from those who have less in life.

### Endnotes

<sup>1</sup>Ministry of Human Settlements, "Building for Man," n.d., p.2.

<sup>2</sup>Leticia M. Subang, "PAG-IBIG Faces More Problems, Disenchanted Members Complain," *Business Day*, July 12, 1984, p.9.

<sup>3</sup>Aprodicio A. Laquian, *Basic Housing: Policies for Urban Sites, Services and Shelter in Developing Countries* (Ottawa, Canada: International Development Research Center, 1983), p. 14.

<sup>4</sup>Home Development Mutual Fund, Ministry of Human Settlements, "Primer on the Provident Benefit," n.d.

<sup>5</sup>Subang, *op. cit.*

<sup>6</sup>Book I covers all employees who are members of either the Government Service Insurance System or the Social Security System.

<sup>7</sup>Book II covers self-employed persons who voluntarily register with the Fund.

<sup>8</sup>Book III covers II other groups of workers.

<sup>9</sup>This refers to the loan charged under PAG-IBIG interest rates. Any amount above 36 times their basic salary will be charged higher interest rates under the "open housing" scheme.

<sup>10</sup>Ministry of Human Settlements, *PAG-IBIG Fund Forum*, vol. 2, no. 3 (Manila: October 1983).

<sup>11</sup>Home Development Mutual Fund, *The Chronicle*, vol. 1, no. 9 (November-December 1983).

<sup>12</sup>*Tempo*, July 23, 1984.

<sup>13</sup>*Ibid.*

<sup>14</sup>*Ibid.*

<sup>15</sup>*Bulletin Today*, July 11, 1984.

<sup>16</sup>The 14% per annum interest rate is already considered high in a normal economy. When the United States at one point pegged the interest rate at 13% in the middle of the year, this was termed by economic analysts as a high interest rate regime. At around this time, the NHMFC bonds bought by the HDMF was yielding 14% per annum.

<sup>17</sup>William N. Dunn, *Methodology for Policy Analysis* (Prentice Hall, 1981).

<sup>18</sup>P.D. No. 1752, Section 21.