



DEC 09 2021  
MEMORANDUM No. 2021-54

TO : ALL ELECTRIC COOPERATIVES

SUBJECT : Policy Allowing Electric Cooperatives (ECs) to Secure Working Capital Loans From Sources Other Than NEA in Times of State of Calamity/Emergency (NEA Loan Policy 14D)

The COVID-19 pandemic has greatly affected our country and has caused negative impact to the economy, including the Electric Cooperatives. Thus, there is an urgent need to undertake programs for recovery and rehabilitation and provision of safety nets to all affected sectors.

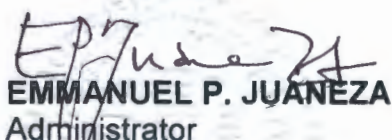
Pursuant to Sections 4-5 of PD 269, as amended and Sec. 58 of RA 9136, the NEA Board of Administrators, per its RB Board Resolution No. 2020-105 (28 October 2020), approved the **Policy Allowing Electric Cooperatives (ECs) to Secure Working Capital Loans from Sources other than NEA in Times of State of Calamity/Emergency (NEA Loan Policy No. 14-D)**.

Based on the said NEA loan Policy 14-D, the EC may secure short-term loan for working capital from sources other than NEA like banks, financing companies and other established financial intermediaries under the following guidelines:

1. The terms and conditions of the loans are considered fair and equitable, thus:
  - a. repayment period shall not exceed five (5 ) years;
  - b. interest rate shall be reasonable, if possible, it shall be the prime rate; and
  - c. amount of loan shall not exceed two (2) times the EC's average monthly power billings.
2. No encumbrance of real properties.
3. For monitoring purposes, ECs which have secured loans within the context of this policy shall, within thirty days (30) from execution, furnish NEA copies of pertinent loan documents/arrangements.

The availment of working capital loan/s within the context of this Policy is subject to the usual accounting and auditing rules and regulations.

Attached is a copy of the said policy for information and guidance.

  
**EMMANUEL P. JUANEZA**  
Administrator

AMGD-AMD-21-11-rjmp

NATIONAL ELECTRIFICATION  
ADMINISTRATION  
Office of the Administrator



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**Policy Allowing Electric Cooperatives (ECs) to Secure Working Capital Loans From Sources Other than NEA in Times of State of Calamity/Emergency (NEA Loan Policy 14D)**

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**POLICY BACKGROUND:**

The COVID-19 pandemic has greatly affected our country and has caused negative impact to the economy, including the Electric Cooperatives. Thus, there is a need to undertake programs for recovery and rehabilitation and provision of safety nets to all affected sectors.

The ECs due to its nature as "non-stock, non-profit, and revenue-neutral (no provision of working capital) were greatly affected as a result of low collection of power bill receivables and decrease in revenue sales, which necessitates borrowing to augment monthly collection deficiencies in order to pay power bills, non-power cost and satisfy all other financial obligations and expenditures.

NEA cannot provide loans to all ECs due to its limited resources. In the sincere effort of NEA to help the ECs in times of state of calamities/emergencies, a policy allowing ECs to secure working capital loans from sources other than NEA is hereby adopted.

**POLICY STATEMENT:**

Pursuant to Sections 4-5 of PD 269, as amended and Sec. 58 of RA 9136, the ECs are allowed to secure working capital loans from sources other than NEA like banks, financing companies and other established financial intermediaries in times of state of calamity/emergency under the following guidelines:

1. The terms and conditions of the loans are considered fair and equitable, thus:
  - a. repayment period shall not exceed five (5 ) years;
  - b. interest rate shall be reasonable, if possible, it shall be the prime rate; and
  - c. amount of loan shall not exceed two (2) times the EC's average monthly power billings.
2. No encumbrance of real properties.
3. For monitoring purposes, ECs which have secured loans within the context of this policy shall, within thirty days (30) from execution, furnish NEA copies of pertinent loan documents/arrangements.

**EFFECTIVITY:**

This shall take effect immediately upon approval.