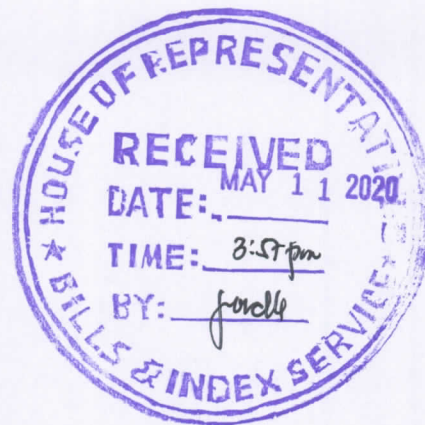


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 6715



Introduced by the Honorable Precious Hipolito Castelo

EXPLANATORY NOTE

Aside from the public health crisis brought about by the Coronavirus Disease 2019 (COVID-19) pandemic, it cannot be gainsaid how the virus has beleaguered the global economy.

Since March 15, 2020, parts of the country have been under a "community quarantine" which was later escalated to "enhanced community quarantine" due to the surge of new cases. The employment of drastic, but necessary social distancing measures has forced "non-essential" private establishments to either close down or extremely reduce their operations. Some have tried to use technological tools to shift to a "digital workplace" and establish a "new normal" for their operations. However, many are still not able to adjust due to many other restrictions and factors.

Undoubtedly, the financial sector was not prepared. It is projected by the International Monetary Fund (IMF) that the world is about to experience the worst recession since the Great Depression, and far worse than the Global Financial Crisis¹.

In the Philippines, the micro, small, and medium enterprises (MSMEs) seems to be the most affected by the lockdown measures. According to the 2018 List of Establishments of the Philippine Statistics Authority, MSMEs account for 99.52% of all businesses in the country. Further, a total of 63.19% of the country's total employment are supplied by the MSMEs. Certainly, being the backbone of Philippine economy, MSMEs require greater assistance in order to weather this COVID-19 storm.

In this regard, it is the intent of this bill to mandate banks and government financial institutions to offer flexible loan programs with low interest rates to MSMEs affected by the COVID-19 pandemic.

The immediate passage of this bill is most earnestly sought.


PRECIOUS HIPOLITO CASTELO

¹ <https://blogs.imf.org/2020/04/14/the-great-lockdown-worst-economic-downturn-since-the-great-depression/>

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AN ACT
MANDATING BANKS AND GOVERNMENT FINANCIAL INSTITUTIONS TO OFFER
FLEXIBLE LOAN PROGRAMS TO MICRO, SMALL AND MEDIUM ENTERPRISES
(MSMEs) AFFECTED BY THE CORONAVIRUS DISEASE 2019 PANDEMIC

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 "Loan Program Assistance for MSMEs Affected by COVID-19 Act".

SEC. 2. *Declaration of Policy.* – The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments. Towards this end, it shall be the policy of the State to provide assistance to Micro, Small, and Medium Enterprises (MSMEs) by mandating banks and government financial institutions to offer flexible loan programs to MSMEs affected by the COVID-19 pandemic.

SEC. 3. *Loan Program Assistance to MSMEs Affected by COVID-19 Pandemic.* – Banks and government financial institutions (GFIs) are required to participate in the MSME loan program under this Act and shall set aside a fraction of their loanable funds to eligible MSMEs.

SEC. 4. *Registration of Loan Program Assistance to MSMEs.* – Such banks and GFIs must register their loan programs with the Bangko Sentral ng Pilipinas (BSP).

SEC. 5. *Implementing Rules and Regulations.* – Within thirty (30) days from the effectivity of this Act, the Bangko Sentral ng Pilipinas (BSP) shall promulgate the necessary rules and regulations to effectively implement the provisions of this Act.

SEC. 6. *Separability Clause.* – If any provision or part hereof is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

SEC. 7. *Repealing Clause.* – Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with, the provisions of this Act is hereby repealed, modified, or amended accordingly.

SEC. 8. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,