

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

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4072



Introduced by Representative Alfred Delos Santos

EXPLANATORY NOTE

One of the challenges faced by micro, small, and medium enterprises (MSMEs) is the lack of access to capital. Although financial services have been made more accessible today than they have been in previous decades, the volatility of MSMEs as a venture has led to a situation where banks are unwilling to lend to MSMEs. Given the foregoing, these circumstances have led many enterprising Filipinos to avail of the services of predatory loan sharks or "5-6" as it is commonly referred to: the name of such practice owes to the high amount of interest offered by said loan sharks.

The Department of Trade and Industry launched the *Pondo sa Pagbabago at Pag-asenso* Program (P3 Program) in order to lure small borrowers away from loan sharks. This DTI program seeks to help underprivileged entrepreneurs and microenterprises by providing them with low-interest, quick-approval financing with minimal requirements.

The institutionalization of this program would be a dream come true for many probinsyanos who would want to be entrepreneurs and become businessmen. This program would also be a step towards poverty alleviation and economic empowerment. For our society to embrace economic independence amongst its citizens, it is vital that the State should provide the means for the free development of each, and the free development of all.

It is for these foregoing premises that the approval of this bill is earnestly sought.


ALFRED C. DELOS SANTOS

Representative, Ang Probinsyano Party List

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EIGHTEENTH CONGRESS
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HOUSE BILL NO. **4072**

Introduced by Representative Alfred Delos Santos

AN ACT
PROVIDING A SOCIALIZED MICROFINANCING PROGRAM FOR MICRO
ENTERPRISES THEREBY PROMOTING ENTREPRENEURSHIP

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

1 SECTION 1. *Title.* – This Act shall be known as the “Pondo sa Pagbabago at
2 Pag-asenso Act” or the “P3 Act”.

3
4 SEC. 2. *Declaration of Policy.* – It is the declared policy of the State to foster
5 national development, promote inclusive growth, and reduce poverty by promoting the
6 growth of micro enterprises that facilitate local job creation, production and trade in
7 the country. Towards this end, the State shall develop policies, plans and programs,
8 and initiate means to encourage entrepreneurial activities, and to ease the constraints
9 and challenges to micro enterprises, particularly on access to financing.

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11 SEC. 3. *Objectives.* – The objectives of this Act are as follows:
12 a. To provide an affordable, accessible and simple micro financing program
13 for the country’s micro enterprises, especially those in the poorest populations;
14 b. To provide a better alternative to the informal lenders or the so-called “5-
15 6” money lending system availed of by micro enterprises; and
16 c. To bring down the interest rate at which micro finance is made available
17 to micro enterprises.

18
19 SEC. 4. *Creation of the Pondo sa Pagbabago at Pag-asenso (P3).* – There is
20 hereby created the Pondo sa Pagbabago at Pag-asenso Fund, hereinafter referred to as
21 the “P3 Fund”, which shall be lent out to qualified micro enterprises under such terms
22 and conditions that will meet the purposes of this Act.

23
24 The beneficiaries of the P3 Fund shall be micro enterprises, as defined under
25 Republic Act No. 6977, as amended, otherwise known as the “Magna Carta for Micro,
26 Small and Medium Enterprises (MSMEs)”.

27
28 The fund shall be primarily accessible through accredited partner financial
29 institutions (PFIs) such as rural banks, thrift banks, development banks, cooperatives
30 with license to lend, micro financing institutions (MFIs), or lending companies duly
31 licensed by the *Bangko Sentral ng Pilipinas* (BSP), Cooperative Development Authority
32 (CDA), or the Securities and Exchange Commission (SEC).
33

1 SEC. 5. *Lead Implementing Agency.* - The Small Business Corporation (SB
2 Corp.), the financing arm of the Department of Trade and Industry (DTI), shall be the
3 lead implementing agency for the P3 Fund. It shall handle the fund delivery to micro
4 enterprises through the following modes:

- 5 a. Direct lending; and
- 6 b. Lending through accredited PFIs.

7
8 To support administrative and operating expenses of the SB Corp., an amount
9 of not more than five percent (5%) of the total loans disbursed shall be provided
10 annually to the SB Corp., to be sourced from additional annual allocation.

11
12 SEC. 6. *Features of the P3 Fund.* - The P3 Fund shall have the following
13 features:

14 a. The interest rate to be imposed on the loan availed of by the P3 Fund
15 beneficiaries shall not exceed two and a half percent (2.5%) per month: *Provided*, That
16 after three (3) years from the effectivity of this Act, a higher ceiling may be allowed up
17 to three percent (3%) per month, subject to the review of the Micro, Small And
18 Medium Enterprise Development (MSMED) Council;

19 b. The interest earnings shall accrue to the P3 Fund;

20 c. There shall be no collateral requirement from the P3 Fund loan
21 beneficiaries; and

22 d. The loanable amount for individual loans shall be set and regularly
23 reviewed by the Micro, Small and Medium Enterprise Development (MSMED) Council.

24
25 SEC. 7. *Policy Oversight Function.* - The Micro, Small and Medium Enterprise
26 Development (MSMED) Council shall monitor the utilization and disbursements of the
27 P3 Fund. It shall submit to the President of the Philippines and to Congress, through
28 the Congressional Oversight Committee on Micro, Small and Medium Enterprise
29 Development (COC-MSMED), a yearly report on the status of the P3 Fund.

30
31 SEC. 8. *Appropriations.* - The amount necessary to carry out the provisions of
32 this Act shall be charged against the appropriations released for the purpose under
33 the General Appropriations Act for the SB Corp. Thereafter, such sums as may be
34 necessary for the continued implementation of this Act shall be included in the
35 annual General Appropriations Act.

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37 SEC. 9. *Implementing Rules and Regulations.* - Within sixty (60) days from the
38 approval of this Act, the DTI shall formulate and promulgate the necessary rules and
39 regulations to implement the provisions of this Act. The implementing rules and
40 regulations issued pursuant to this section shall take effect thirty (30) days after its
41 publication in at least two (2) newspapers of general circulation.

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43 SEC. 10. *Separability Clause.* - If any part or section of this Act is declared
44 unconstitutional, such declaration shall not affect in any manner other parts or
45 sections hereof.

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47 SEC. 11. *Repealing Clause.* - All laws, decrees, proclamations, issuances, or
48 ordinances that are contrary to or inconsistent with the provisions of this Act are
49 hereby amended, repealed or modified accordingly.

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51 SEC. 12. *Effectivity.* - This Act shall take effect fifteen (15) days after its
52 publication in the *Official Gazette* or in any newspaper of general circulation.

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Approved,