



# Committee Daily Bulletin

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## DISCUSSION WITH AGENCIES / ENTITIES

COMMITTEE	SUBJECT MATTER	DISCUSSIONS
Micro, Small and Medium Enterprise Development	Discussion on the existing credit and loan facilities for micro, small and medium enterprises (MSMEs)	<p>The Committee, chaired by Rep. Virgilio Lacson (Party-List, MANILA TEACHERS), discussed the existing credit and loan facilities for MSMEs with concerned government agencies and entities.</p> <p>At the outset, Rep. Lacson said that the purpose of the meeting is for Members to be updated on the existing credit and loan facilities for MSMEs that will help them resume their businesses or recover their losses having been affected by the lockdowns due to the COVID-19 pandemic.</p> <p>Small Business Corporation (SB Corp) Head of Planning and Advocacy Group Frank Lloyd Gonzaga presented the agency's COVID-19 Assistance to Restart Enterprises (CARES) Program. The SB Corp is the financing arm of the Department of Trade and Industry (DTI) with the primary responsibility of implementing comprehensive policies and programs to assist MSMEs in all areas including finance and information services, training, and marketing.</p> <p>Gonzaga said that the CARES Program is a P1 billion Enterprise Rehabilitation Financing Facility under the Pondo sa Pagbabago at Pag-asenso (P3) Program to help micro and small enterprises stabilize or recover from losses due to quarantine measures implemented amidst the pandemic.</p> <p>Under the CARES Program, micro enterprises with asset size of not more than P3 million may avail themselves of loans ranging from P10,000 to P200,000 while small enterprises with an asset size of P15 million and below may take out loans of up to a maximum of P500,000.</p> <p>Since the program's implementation on June 8, a total of 7,333 loan applications have been received online by SB Corp. So far, five accounts have been approved with a total loan amount of P3.33 million.</p> <p>Several Members expressed their disappointment with the huge disparity between the number of loan applications and the number of approved accounts.</p> <p>SB Corp. President and Chief Executive Officer (CEO) Luna Cacanando explained that it is because the program just started this week. However, she committed that the SB Corp will be able to process all the 7,000 plus applications by the end of June.</p> <p>Rep. Lacson recommended that the SB Corp. should improve its information dissemination campaign in order to reach out to more qualified applicants, while Deputy Speaker Deogracias Victor "DV" Savellano (1<sup>st</sup> District, Ilocos Sur) urged SB Corp. to lower its service fee from 6% to 2%.</p> <p>Development Bank of the Philippines (DBP) President Emmanuel Herbosa said that lending to MSMEs requires more assistance and guidance especially in the aspects of risk management and cash management, as these entrepreneurs are still establishing themselves and their business operations.</p> <p>According to Herbosa, DBP's loan portfolio as of January is P22.8 billion which is distributed as follows: Luzon, P11.7 billion; Visayas, P4.8 billion; and Mindanao, P6.3 billion. He apprised the body on</p>

<p>Continuation... Micro, Small and Medium Enterprise Development</p>		<p>DBP's Sustainable Development for Economic Development (SEED) Program which aims to further empower small entrepreneurs.</p> <p>He also discussed the DBP Rehabilitation Support Program on Severe Events (DBP RESPONSE) which provides rehabilitation financing support to DBP and non-DBP borrowers, who have been adversely affected by calamities or from events arising from the occurrence of such calamities.</p> <p>Other MSME lending programs of the DBP are: the Small Business Puhunan Loan Program; Broiler Contract Growing Program; Sustainable Agribusiness Financing Program; and the Sustainable Agribusiness Financing Program for the dairy industry.</p> <p>Landbank of the Philippines (LBP) Assistant Vice President for Program Management Generoso David presented LBP's Interim Rehabilitation Support to Cushion Unfavorably-affected Enterprises by Covid-19 (I-RESCUE) Lending Program. He said that the I-RESCUE is the Landbank's support program for the small and medium enterprises (SMEs), cooperatives, and microfinance institutions, which are affected by the COVID-19 pandemic, through the provision of additional funds or loan restructuring under more flexible terms and conditions.</p> <p>Reps. Lacson, Enrico Pineda (Party-List, 1-PACMAN), and Teodorico Haresco Jr. (2<sup>nd</sup> District, Aklan) suggested that the LBP should zealously promote its lending programs at the barangay or grassroots level in order to encourage more farmers to avail themselves of the loans.</p> <p>Likewise, Rural Bankers Association of the Philippines (RBAP) Director Millot Requillo asked the LBP to ease its requirements for its loans to be more accessible to the farmers and fisherfolk. She also asked SB Corp to reduce its service fees imposed on rural banks so that they will have more funds for lending to the countryside.</p> <p>Cooperative Development Authority (CDA) Chair Orlando Ravanera expounded on how micro, small and medium cooperatives uplift the social and economic conditions of poor communities through a variety of financial services that are unavailable from the traditional lending institutions and the provision of direct employment to the rural folk.</p> <p>Ravanera also underscored that aside from addressing poverty and social injustice, cooperativism is also a countervailing force against extremism. He also mentioned that the United States Agency for International Development (USAID) is now open to extending support to cooperatives and not just to non-government organizations (NGOs).</p> <p>Meanwhile, Department of Tourism (DOT) Undersecretary for Legal and Special Concerns Edwin Enrile and Department of Labor and Employment (DOLE) Director for Bureau of Workers and Special Concerns Karen Trayvilla informed the body that they do not have the legal mandate or funds to implement lending programs for the MSMEs.</p> <p>What the DOLE provides is a grant assistance for capacity building of vulnerable and marginalized workers for their livelihood and entrepreneurial ventures through the DOLE Integrated Livelihood Program (DILP).</p>
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