

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

4792

House Bill No. _____



INTRODUCED BY HONORABLE LIANDA B. BOLILIA

EXPLANATORY NOTE

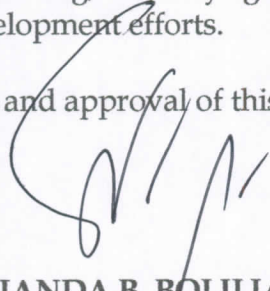
Small and medium-scale businesses were estimated to contribute up to 62 percent of employment and comprise more than 90 percent of all businesses in the Philippines. However, they received only 9.2 percent of loans and financing from the country's major banks. The number of registered businesses in the Philippines was 1.42 million as of May 2019.¹

Due to restraints to capital and funding sources, microenterprises resort to usurious lenders or so-called "5-6" that imposes interest rate of twenty percent (20%) daily, weekly or monthly. Most of these lenders are unregistered, without license, and don't pay taxes. Conservative estimates report that "5-6" is at least a P30 billion industry.

Indeed, addressing restraints to capital and funding sources of microenterprises will be a key ingredient of growth. Following the directive of President Rodrigo Roa Duterte to replace the "5-6" money lending system and provide an affordable micro-financing for the country's micro, small and medium enterprises (MSMEs), the Department of Trade and Industry (DTI) launched the *Pondo sa Pagbabago at Pag-asenso (P3)* program in April 2017. As of July 2019, the total loans disbursed to micro-entrepreneurs under the P3 program stood at P2.9 billion.²

The bill calls for the institutionalization of *Pondo sa Pagbabago at Pag-asenso (P3)* to provide micro enterprises a better alternative of financing, thereby giving our small entrepreneurs a chance to participate in the country's development efforts.

In view of the foregoing, the immediate enactment and approval of this bill is earnestly sought.



LIANDA B. BOLILIA
Representative
4th District, Batangas

¹ <https://opinion.inquirer.net/122798/micro-entrepreneurs-real-problem>

² <https://www.bworldonline.com/dti-taps-more-credit-delivery-partners-for-p3-program/>

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AN ACT

INSTITUTIONALIZING THE PONDO PARA SA PAGBABAGO AT PAG-ASENSO (P-3) PROGRAM OF THE GOVERNMENT AND APPROPRIATING FUNDS THEREFOR

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

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

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

10
11 **SEC. 3. Objectives.** – The objectives of this Act are as follows:

- 12
13 (a) To provide microenterprises with an alternative source of financing that is easy to
14 access and at reasonable cost;
15 (b) To stabilize informal lending and prevent micro entrepreneurs from falling victims
16 from usurious lenders; and
17 (c) Boost the development of entrepreneurship and the MSME sector, particularly the
18 microenterprises.

19
20 **SEC. 4. Creation of the Pondo sa Pagbabao at Pag-asenso (P3).** – There is hereby
21 created the Pondo sa Pagbabago at Pag-asenso Fund, hereinafter referred to as the “*P3*
22 *Fund*”, which shall be made available to qualified microenterprises under such terms
23 and conditions of this Act.

24
25 The beneficiaries of the P3 Fund shall be microenterprises, as defined under
26 Republic Act No. 6977, as amended, or the “*Magna Carta for Micro, Small and Medium*
27 *Enterprises (MSMEs).*”

1 The P3 Fund shall be primarily accessible through accredited microfinance
2 institutions (MFIs), cooperatives, associations, banks, or lending companies duly
3 licensed by the Bangko Sentral ng Pilipinas (BSP), Cooperative Development Authority
4 (CDA), or the Securities and Exchange Commission (SEC).

5
6 **Sec. 5. Lead Implementing Agency.** - The Small Business Corporation (SB Corp.), the
7 financing arm of the Department of Trade and Industry (DTI), shall be the lead
8 implementing agency for the P3 Fund. It shall handle the fund delivery to
9 microenterprises through the following modes:

- 10
11 (a) Wholesale Lending; and
12 (b) Retail/Direct Lending
13

14 **Sec. 6. Features of the P3 Fund.** - The P3 Fund shall have the following features:

- 15
16 (a) The interest rate to be imposed on the loan availed of by the P3 Fund
17 beneficiaries shall not exceed 2.5 percent per month; *Provided*, that five (5)
18 years after the effectivity of this Act, the SB Corp. may increase the interest
19 rate subject to the review of the Micro, Small and Medium Enterprise
20 Development (MSMED) Council;
21 (b) The interest earnings shall accrue to the P3 Fund; and
22 (c) There shall be no collateral requirement from the P3 Fund loan beneficiaries.
23

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

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

35 **SEC. 9. Implementing Rules and Regulations.** - Within sixty (60) days from the
36 effectivity of this Act, the DTI shall formulate and promulgate the rules, regulations, and
37 other issuances as may be necessary to ensure the effective implementation of the
38 provisions of this Act.
39

40 **SEC. 9. Separability Clause.** - Should any provision herein be declared unconstitutional,
41 the same shall not affect the validity of the other provisions of this Act.
42

43 **SEC. 10. Repealing Clause.** - All laws, decrees, orders, rules, and regulations or other
44 issuances or parts inconsistent with the provisions of this Act are hereby repealed or
45 modified accordingly.

46 **SEC. 11. Effectivity.** - This Act shall take effect fifteen (15) days after its publication in
47 the Official Gazette or in a newspaper of general circulation.
48
49

50 Approved,