

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **4080**



Introduced by Representative Alfredo D. Vargas III

EXPLANATORY NOTE

Section 14 Article XII of the Philippine Constitution explicitly provides that sustained development of a reservoir of Filipino entrepreneurs and managers shall be promoted by the State.

The Philippines is an entrepreneurial country. Slowly, entrepreneurship is becoming the backbone of the country's economy. Small and medium-sized enterprises (SMEs) comprise around ninety nine (99) percent of the establishments in the country and provide 66 percent of total employment in the private sector. However, a number of problems continue to hold back Filipino entrepreneurs and SMEs from realizing their full potential. Among these challenges are lack of adequate knowledge on business techniques and financial management, high cost of doing business, lack of access to finance and market information, and low productivity and competitiveness due to lack of innovative capacity¹.

This bill seeks to empower the micro, small and medium enterprises (MSMEs) through the establishment of a "Negosyo Center" in each province, city and municipality in the country. The Negosyo Center shall serve as a hub for MSME registration and development. The functions of Negosyo Centers include, but not limited to, the promotion of ease of doing business and access to services for MSMEs, supplying finance and market information, linking MSMEs to support networks and market opportunities, and facilitating financial assistance for MSMEs.

This measure is an initiative of social entrepreneur, Senator Paolo Benigno "Bam" Aquino.

By empowering our SMEs, we pave the way for the creation of jobs, reduction of poverty, and promotion of inclusive growth. Thus, the speedy passage of this bill is earnestly sought.


ALFREDO D. VARGAS III

¹ Department of Trade and Industry, n.d., *Micro, Small, Medium Enterprise Development Plan 2011-2016*. Available from: [http://dti.gov.ph/uploads/DownloadableForms/MSMED%20Plan%202011-2016\(Final\).pdf](http://dti.gov.ph/uploads/DownloadableForms/MSMED%20Plan%202011-2016(Final).pdf). [24 February 2014]

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AN ACT

PROMOTING THE REDUCTION OF POVERTY THROUGH THE DEVELOPMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES

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

SECTION 1. *Short Title.* – This Act shall be known as the “Go Negosyo Act of 2014.”

SECTION 2. *Declaration of Policy.* – It is hereby declared the policy of the State to foster national development, promote inclusive growth, and reduce poverty by encouraging the establishment of micro, small and medium enterprises (MSMEs) that facilitate local job creation and production in the country. MSMEs increase income for poor households and build both business equity and personal assets over a period of time. To this end, the State shall develop plans and initiate means to ease the constraints on the establishment of MSMEs in order to rationalize the existing bureaucratic regulations, providing greater incentives and benefits to MSMEs, and strengthening the Micro, Small and Medium Enterprise Development (MSMED) Council.

SECTION 3. *Establishment of Negosyo Centers.* – There shall be established under the supervision of the Micro, Small and Medium Enterprises Development (MSMED) Council a “Negosyo Center” in all provinces, cities and municipalities. The MSMED Council shall encourage public-private partnerships in the establishment and management of Negosyo Centers.

In applicable areas, the existing Micro, Small and Medium Enterprise (MSME) Centers shall continue to operate as Negosyo Centers subject to the provisions of this Act. The Negosyo Centers shall be responsible for promoting ease of doing business and facilitating access to services for MSMEs within its jurisdiction. The MSMED Council, through the regional offices of the Department of Trade and Industry (DTI) shall perform oversight functions and shall assign personnel to fulfill the functions of the Negosyo Centers.

SECTION 4. *Functions of Negosyo Centers.* – Negosyo Centers shall have the following functions:

- (a) Promote ease of doing business and access to services for MSMEs within its jurisdiction;

- 1
2 (b) Coordinate and facilitate processes of government related to the set-up and
3 management of MSMEs;
4
5 (c) Accept and act on all registration applications of MSMEs;
6
7 (d) Coordinate with the respective local government units and liaise with concerned
8 government agencies to process the duly accomplished forms submitted by the
9 MSMEs;
10
11 (e) Integrate a unified business processing system for MSMEs;
12
13 (f) Encourage government institutions that are related to the business application
14 process to help promulgate information regarding the Negosyo Center;
15
16 (g) Supply information and services in training, financing and marketing;
17
18 (h) Support private sector activities relating to MSME development;
19
20 (i) Co-organize with the local chambers of commerce and other business organizations
21 a mentoring program for prospective and current entrepreneurs and investors;
22
23 (j) Build local support networks and establish market linkages for MSME development;
24
25 (k) Coordinate with schools and organizations on the development of a youth
26 entrepreneurship training program;
27
28 (l) Facilitate access to grants and other forms of financial assistance, shared service
29 facilities and equipment, and other support for MSMEs;
30
31 (m) Ensure labor-management guidance, assistance and improvement of the
32 working conditions of MSMEs;
33
34 (n) Establish a databank which shall be a source of all information necessary for project
35 monitoring, research and policy studies and information discrimination campaigns;
36
37 (o) Map out all information and services essential to prospective entrepreneurs and
38 prospective investors especially in key value chains and economic subsectors
39 within its jurisdiction;
40
41 (p) Establish a feedback mechanism among the MSMEs in the respective jurisdiction of
42 the Negosyo Centers; and
43
44 (q) Conduct other programs or projects for entrepreneurial development in the
45 country aligned with the MSME development plan.
46

47 **SECTION 5. *Registration.* -**
48

49 **(a) Micro, Small and Medium Enterprises**
50

- 51 1. A unified business registration form shall be created by the DTI and shall be

made available in all Negosyo Centers. The unified business registration form shall contain all necessary information for the business application process of MSMEs. The DTI shall be responsible for regularly updating and maintaining the unified business registration form.

2. MSMEs shall undertake the business application process with the Negosyo Center of each city or municipality by submitting the necessary documentary requirements. The Negosyo Center may deny the application of MSMEs that fail to submit completed requirements or meet the necessary criteria under Section 5 of Republic Act No. 9178, otherwise known as the "Barangay Micro Business Enterprise (BMBE) Act of 2002," and Section 4 of Republic Act No. 9501, otherwise known as the "Magna Carta for Micro, Small and Medium Enterprises."

3. Should the Negosyo Center fail to process the application within fifteen (15) days, the MSME shall be deemed registered for a period of one (1) year. In this case, the Negosyo Center shall have the authority to revoke the registration within a period of thirty (30) days upon determination that the MSME has not met the necessary requirements and qualifications.

4. Thereafter, MSMEs shall renew its registration annually.

(b) **Ease of Registration for Micro Enterprises** – The Negosyo Center in the city or municipal level shall have the sole power to issue the Certificate of Authority to micro enterprises in accordance with Republic Act No. 9178. To defray the administrative costs of registering and monitoring the micro enterprise, the Negosyo Center may charge a fee of not more than Five Hundred Pesos (Php 500.00).

(c) **Philippine Business Registry** – The Philippine Business Registry (PBR) Kiosk shall be housed under the Negosyo Center, if available, for use of MSMEs to expedite registration with concerned licensing offices.

SECTION 6. Start-up Fund for MSMEs. – Aside from the existing benefits for MSMEs, the MSMED Council, through DTI and the appropriate financing institutions, shall establish a Start-up Fund for MSMEs to provide financing for the development and promotion of MSMEs in priority sectors of the economy as specified in the MSMED Plan.

SECTION 7. Composition of the Micro, Small and Medium Enterprise Development (MSMED) Council. – To ensure greater representation by the sectors involved, the members of the Council shall be the following:

(a) Secretary of Trade and Industry as Chairman;

(b) Secretary of Agriculture;

(c) Secretary of Environment and Natural Resources;

(d) Secretary of the Interior and Local Government;

(e) Secretary of Science and Technology;

- 1
2 (f) Secretary of Tourism;
3
4 (g) Director General of the National Economic Development Authority;
5
6 (h) Governor of the Bangko Sentral ng Pilipinas
7
8 (i) Chairman of Small Business Corporation
9
10 (j) Three (3) representatives from the MSME sector to represent Luzon, Visayas, and
11 Mindanao with at least one representative from the micro enterprise sector;
12
13 (k) One representative from the youth sector to focus on the promotion of youth
14 entrepreneurship;
15
16 (l) One representative from the labor sector, to be nominated by accredited labor
17 groups;
18
19 (m) One representative from the private banking sector: to serve alternately among
20 the Chamber of Thrift Banks; the Rural Banker's Association of the Philippines
21 (RBAP); and the Bankers' Association of the Philippines (BA);
22
23 (n) A representative of Microfinance Non-Government Organizations (NGOs);
24
25 (o) Chairperson of the Senate Committee on Trade, Commerce and Entrepreneurship;
26 and
27
28 (p) Chairperson of the House Committee on Small Business and Entrepreneurship
29 Development.
30

31 The members may elect from among themselves a Vice-Chairman to preside over the Council
32 meetings in the absence of the Chairman.
33

34 **SECTION 8. *Functions of MSMED Council.*** – The MSMED Council shall have the following
35 additional functions:
36

- 37 (a) *Coordinating and Oversight Body for the Negosyo Center* – MSMED Council, through
38 the DTI, shall act as the coordinating and supervising body for all the agencies
39 involved in the establishment and operation of the Negosyo Centers.
40
41 (b) *Provision of a Compliance Guide* – For each rule or group of related rules issued by
42 any government agency for compliance guides entitled 'Micro, Small and Medium
43 Enterprises Compliance Guide.' The Council shall ensure that the compliance guide
44 shall be written in plain language or in the local dialect, if necessary.
45

46 The Council shall prepare separate compliance guides covering groups or classes of
47 similarly affected MSMEs and shall cooperate with industry associations to develop
48 and distribute such compliance guides. The publication of each compliance guide
49 shall include the posting of the guide in an easily identified location on the website
50 of the agency; and distribution of the guide to known industry contacts, such as
51 small entities, associations, or industry leaders affected by the rule. The issuing

1 government agencies shall publish and disseminate the compliance rules within
2 ninety (90) days from the date of issuance.
3

4 **SECTION 9. *Information Dissemination.*** – The Philippine Information Agency, through the
5 Office of Public Information in each city or municipality, in coordination with DTI, Bangko
6 Sentral ng Pilipinas (BSP), Department of Labor and Employment (DOLE), and Department of
7 Interior and Local Government (DILG) shall ensure the proper and adequate information
8 dissemination of the contents and benefits of this Act to the general public especially to its
9 intended beneficiaries specifically in the barangay level.
10

11 **SECTION 10. *Appropriations.*** – The amount necessary to carry out the initial implementation
12 of this Act shall be charged to the DTI. Thereafter, such sums as may be necessary for the
13 continued implementation of this Act shall be included in the succeeding General
14 Appropriations Act.
15

16 **SECTION 11. *Implementing Rules and Regulations.*** – The Secretary of the DTI, in
17 consultation with the appropriate agencies as may be deemed necessary, shall formulate the
18 necessary rules and regulations to implement the provisions of this Act within ninety (90)
19 days after its approval. The rules and regulations issued pursuant to this Act shall take effect
20 fifteen (15) days after its publication in a newspaper of general circulation.
21

22 **SECTION 12. *Separability Clause.*** – If any section or provision of this Act shall be held
23 unconstitutional, the remainder of the Act not otherwise affected shall remain in full force and
24 effect.
25

26 **SECTION 13. *Repealing Clause.*** – Section 4 of Republic Act No. 9178 is hereby repealed.
27 Sections 7-A and 7-B of Republic Act No. 6977, as amended by Republic Act No. 8289 and
28 Republic Act No. 9501, are hereby amended. Section 12 of Republic Act No. 9178 is hereby
29 amended. All other existing laws, presidential decrees, executive orders, proclamations or
30 administrative regulations that are inconsistent with the provisions of this Act are hereby
31 amended, modified or repealed accordingly.
32

33 **SECTION 14. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its
34 publication in the Official Gazette or in at least two (2) newspapers of general circulation.
35
36

37 *Approved,*
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