

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4277



Introduced by: Hon. Angelina "Helen" D.L. Tan, M.D.

EXPLANATORY NOTE

This measure seeks to empower, micro, small and medium enterprises (MSMEs) through the establishment of a 'Negosyo Center' in every province, city and municipality in the country, which shall serve as a hub for MSME registration and development.

Its functions shall include 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 to MSMEs among others.

It aims to empower MSMEs in order to create job opportunities, reduce poverty in the country, and promote inclusive growth for all Filipinos. MSMEs play a vital role in the socioeconomic well being of the country, hence, there is an urgent need to help improve the design and implementation of the nation's MSME sector.

MSMEs refer to any business activity or enterprise engaged in industry, agri-business or services, whether single proprietorship, cooperative, partnership, or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, must have value falling under the following categories: a micro enterprise has an asset value of up to PHP3,000,000.00, a small enterprise from Php3,000,000.00 to Php15,000,000.00, and a medium enterprise from Php15,000,000.00 to Php100,000,000.00.

These enterprises bring enormous contributions to the economy through rural industrialization and development, decentralization of industries, creation of employment opportunities and more equitable income distribution; use of indigenous resources; earning of foreign exchange resources; creation of backward and forward linkages with existing industries; and entrepreneurial development.

This measure serves as a counterpart version to the initiative of Sen. Paolo Benigno "Bam" A. Aquino IV.

In view of the foregoing, early passage of this bill is earnestly sought.


ANGELINA "HELEN" D.L. TAN, M.D.
4th District, Quezon

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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 of the Philippines in Congress assembled:

SECTION 1. Short Title. - "This Act shall be known as the "Go Negosyo Act of 2013."

SEC. 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 (MSME's) that facilitate job creation and production in the country, MSME's increase income for poor households and build both business equity and personal assets over a period or 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.

SEC. 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.

SEC. Functions of Negosyo Centers. - Negosyo Centers shall have the following functions:

- (a) Promote ease of doing business and access to services for MSME's within its jurisdiction;
- (b) Coordinate and facilitate processes of government related to the set-up and management of MSME's;
- (c) Accept and act on all registration applications for MSMEs;
- (d) Coordinate with the respective local government units and liaise with concerned government agencies to process the duly accomplished forms submitted by the MSMEs;
- (e) Integrate a unified business processing system for MSMEs;
- (f) Encourage government institutions that are related to the business application process to help promulgate information regarding the Negosyo Center;
- (g) Supply information and services in training, financing and marketing;
- (h) Support private sector activities relating to MSME development;

- (i) Co-organize with the local chambers of commerce and other business organizations a mentoring program for the prospective and current entrepreneurs and investors;
- (j) Build local support networks and establish market linkages for MSME development;
- (k) Coordinate with schools and organizations on the development of a youth entrepreneurship training program;
- (l) facilitate access to grants and other forms of financial assistance; shared service facilities and equipment, and other support for MSMEs;
- (m) Ensure labor-management guidance, assistance and improvement of the working conditions of MSMEs;
- (n) Establish a databank which shall be a source of all information necessary for project monitoring, research and policy studies and information dissemination campaign;
- (o) Map out all information and services essential to prospective entrepreneurs and prospective investors especially in key value chains and economic subsectors within its jurisdiction;
- (p) Establish a feedback mechanism among the MSMEs in the respective jurisdiction of the Negosyo Centers; and
- (q) Conduct other programs or projects for entrepreneurial development in the country aligned with MSME development plan.

SEC. 5. Registration. –

(a) Micro, Small and Medium Enterprises

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.

SEC. 6. Start-up Fund for MSMEs. – Aside from the existing benefits for MSMEs, the MSMED Council, through the 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.

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

- (a) Secretary of Trade and Industry as Chairman;
- (b) Secretary of Agriculture;
- (c) Secretary of the Environment and Natural Resources;
- (d) Secretary of the Interior and Local Government;
- (e) Secretary of Science and Technology;
- (f) Secretary of Tourism;
- (g) Director General of National Economic Development Authority;
- (h) Governor of the Bangko Sentral ng Pilipinas;
- (i) Chairman of Small Business Corporation;
- (j) Three (3) representatives from the MSME sector to represent Luzon, Visayas, and Mindanao with at least one representative from the micro enterprise sector;
- (k) One representative from the youth sector to focus on the promotion of youth entrepreneurship;
- (l) One representative from the labor sector, to be nominated by accredited labor groups;
- (m) A representative from the private banking sector: to serve alternately among the Chamber of Thrift Banks; the Rural Bankers' Association of the Philippines (RBAP); and the Bankers' Association of the Philippines (BAP);
- (n) A representative from Microfinance Non-Government Organizations (NGOs);
- (o) Chairperson of the Senate Committee on Trade, Commerce and Entrepreneurship; and
- (p) Chairperson of the House Committee on Small Business and Entrepreneurship Development.

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

SEC. 8. Functions of MSMED Council. - The MSMED Council shall have the following additional functions:

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

The Council shall prepare separate compliance guides covering groups or classes of similarly affected MSMEs and shall cooperate with industry associations to develop and distribute such compliance guides. The publication of each compliance guide shall include the posting of the guide in an easily identified location on the website or the agency; and distribution of the guide to known industry contacts, such as small entities, associations, or industry leaders affected by the rule. The issuing government agencies shall publish and disseminate the compliance rules within ninety (90) days from the date of issuance.

SEC. 9. Information Dissemination. - The Philippine Information Agency, through the Office of Public Information in each city or municipality, in coordination with DTI, Bangko Sentral ng Pilipinas (BSP), Department of Labor and Employment (DOLE), and Department of Interior and

Local Government (DILG) shall ensure the proper and adequate information dissemination of the contents and benefits of this Act to the general public especially to its intended beneficiaries specifically in the barangay level.

SEC. 10. Appropriations. - The amount necessary to carry out the initial implementation of this Act shall be charged to the DTI. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the succeeding General Appropriations Act.

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

SEC. 12. Separability Clause. - If any provision of this Act shall be held unconstitutional, the remainder of the Act not otherwise affected shall remain in full force and effect.

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

SEC. 14. Effectivity. - This Act shall take effect fifteen (15) days after its publication in the Official Gazette of at least two (2) newspapers of general circulation.

Approved,